

# XVIII WINTER OLYMPICS IN NAGANO

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Alberto Tomba, a triple Olympic gold medalist, still dominates the news on and off the slopes.

## On Your Mark

### Nagano Set for Winter Olympics

International Herald Tribune

The Olympics were founded by men looking back fondly at the glories of Ancient Greece. The Winter games that open in Nagano this week stare determinedly into the next millennium.

The bullet train now reaches Nagano, where the Japanese have erected a set of futuristic sports arenas. There, served by the newest computers, timing equipment and broadcasting technology, athletes from more than 80 countries will compete in the fastest of Olympic sports, made ever faster by high-tech equipment. Speed-skaters will zoom round and round on hinged skates. Bob-sledders will explode down their cold, white gun barrel. Skiers will fly down the mountain.

In other ways as well these are very modern games. The top professional ice hockey stars are appearing for the first time. The route of the downhill caused a battle with ecologists. The finances of the organizing committee fell victim to the downturn in the Japanese economy and volatility in the currency markets.

Olympic Special Report inside



French figure skater Vanessa Gusneroli

## Asia's Uncharted Economic Waters

### World Leaders Don't Yet Have a Plan for Getting Through the Crisis

By Jonathan Gage  
and Alan Friedman  
International Herald Tribune

DAVOS, Switzerland — Seven months after Thailand devalued its currency, setting off waves of financial turmoil that led to a massive bailout of Asia's battered economies, there is no clear end in sight to the crisis.

Financial and political leaders have not even begun to piece together any plan that might prevent deeper financial tremors from emerging in the days, weeks or months ahead.

The reason is that it is unclear what if anything can be done to address some of the fundamental causes of the crisis, according to leading officials and economists gathered here at an international conference where Asia's troubles and their effects on financial markets across the globe took center stage.

"We are in uncharted waters," said Stuart Eizenstat, the U.S. undersecretary of state for economic, business and agricultural affairs.

"There is no ready solution." The waters are not only uncharted; they are turbulent and deep. The world's financial institutions are not match for the enormous blocks of fast-moving capital that have swept through Asian

Indonesia imposed a series of new controls on banks. • GM is preparing to restore the alliance with Daewoo Motors that it broke off six years ago. Page 11.

financial markets and then abruptly deserted them, officials now say.

The tens of billions of dollars in rescue packages from the International Monetary Fund for Thailand, Indonesia and South Korea will provide breathing space while those nations attempt to slash spending projects and allow ailing companies to go bankrupt or be sold off, officials here agreed.

The consensus among many bankers and officials here is that while South Korea and Thailand have begun to turn the corner, Indonesia's fate remains a major question mark, closely linked to the question of whether President Suharto will continue to rule the country in coming months.

But in broader terms, "if there is no

### EU Asks U.S. for Talks on Tariffs

The European Union has asked the United States to join in a new trans-Atlantic trade negotiation to reduce tariffs on industrial and service sectors, officials from both sides of the Atlantic say. The initiative was proposed by Sir Leon Brittan, the European trade commissioner, in meetings with U.S. officials at the World Economic Forum in Davos, Switzerland. Page 11.

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WORLD ECONOMIC FORUM

## Glaxo and SmithKline Plan Largest Merger Ever

\$160-Billion Giant Would Dwarf Merck and Novartis

By Tom Buerkle  
International Herald Tribune

LONDON — The global pharmaceuticals industry could be set for an unprecedented wave of takeover activity following the surprise weekend announcement that Glaxo Wellcome PLC, the world's largest drugmaker, plans to combine with SmithKline Beecham PLC in what would be the world's biggest merger ever.

The deal, which could take a few weeks to finalize but appears likely to go through, would set a stunning benchmark even for an industry that is no stranger to mergers.

Both Glaxo and SmithKline are the products of multibillion-dollar mergers in the past decade, and their combination would put pressure on many rivals. The merged company would have a stock market value of more than \$160 billion, control nearly 8 percent of the world market for prescription drugs with sales of around \$20 billion a year, and be able to invest \$1 billion more a year on developing new drugs than its closest competitors.

Those numbers would dwarf giants such as Merck & Co. and Novartis AG, the second- and third-largest companies in the industry, and could trigger a frantic search for alliances that could strengthen product lines and deliver big cost savings, analysts and industry executives said.

"This will set off another round of consolidation," one industry executive said.

"All of the others are going to have to think about what they want

Newsstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Cameroun	1.600 CFA Qatar
Egypt	25.50 Réunion
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA Senegal
Italy	2,800 Lire Spain
Morocco	1,250 CFA Tunisia
Jordan	1,250 JD U.A.E.
Kuwait	700 Pts U.S. M.R. (Eur.)

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## Iraq Faces 'Substantial' Force

### A Matter of 'Weeks,' Albright Warns

Compiled by Our Staff From Dispatches

KUWAIT — Secretary of State Madeleine Albright arrived in Kuwait on Sunday for talks with Gulf Arab allies on the crisis with Iraq as the United States repeated that it was ready to use "substantial" force if Baghdad failed to grant free access to UN weapons-inspection teams.

But while Mrs. Albright said Washington generally supported an expansion of the Iraqi oil-for-food program, she left no doubt about U.S. resolve.

Mrs. Albright said that it could be "weeks" before the United States takes any military action against Iraq.

"It's not days and it's not months, so that leaves weeks," she said in an interview from Kuwait on CNN about the time frame for a possible U.S. military attack.

The United States prefers to find a diplomatic solution to the standoff, she said, but added: "That string is running out. The time is on its shorter and shorter."

Going beyond the specific issue of increased Iraqi oil sales, the U.S. delegate to

the United Nations, Bill Richardson, said, "They deserve no sanctions relief, and they will get that."

"We don't want to give Iraq any carrot," he said at a news conference at a gathering in Davos, Switzerland, of world business and political leaders. "They deserve nothing."

Mrs. Richardson also said that Washington had gained fresh support for a military strike. Two countries — in addition to Britain — have "committed to publicly support the United States should there be a decision of force," he said.

He declined to identify the countries, but a senior U.S. official in Kuwait said Sunday the emir told Mrs. Albright that his country would support U.S. military action against Iraq if the current crisis made it necessary.

The oil-for-food program allows Baghdad to export \$2 billion worth of oil in exchange for food and medicine over a period of 180 days to relieve the impact on civilians of sanctions imposed after Iraq's

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Mrs. Albright, in Israel on Sunday, as she warned Iraq of "substantial force."

## As Saddam Builds, the Iraqis Suffer

### Leader's Extravagance Belies People's Poverty

By Barbara Crossette  
New York Times Service

BAGHDAD — On a small hill overlooking Baghdad's zoo, where most of the animals have perished from hunger, a stupendous new palace is rising. It is a massive, brooding, domed extravaganza, the latest and perhaps grandest of the monuments that are steadily remaking the city's skyline to the glory of Saddam Hussein.

Bricks at archeological reconstruction sites bear inscriptions hailing him as a new Al Mansur, the caliph who founded Baghdad in the eighth century. A recent arts festival in Babylon was subtitled "From Nebuchadnezzar to Saddam Hussein." Portraits of the two hang together in Babylon, where Nebuchadnezzar, one of the greatest of ancient Babylonians, ruled in the sixth century B.C.

To burnish his reputation as a leader of Muslims everywhere, Mr. Saddam has just broken ground for the largest mosque in the world.

No one knows how Mr. Saddam can pay for these projects, after seven years of crippling economic sanctions imposed after Iraq invaded Kuwait in 1990. Even as he builds his imperial Baghdad, there is another Baghdad, where people calculate how to pay the next grocery bill.

Ahmad Adnan, a 10-year-old boy suffering from diabetes, was in Saddam Central Children's Hospital for treatment. He was too shy to tell a reporter what he would like from the vendor's stall outside the building, crowded with teddy bears, toys, cookies and candy that no one was buying.

Dr. Kasim Taufi leaned down and

See SADDAM, Page 7

## National Crisis?

### Get Serious, Say People in Peoria

By Jon Jeter  
Washington Post Service

PEORIA, Illinois — Washington may be obsessed with Monica Lewinsky and the tales of sex, scandal, power and betrayal in which she stars. But in Peoria things play differently.

"Frankly, I think it's stupid," said Don Saunders, parked on a bar stool at the Père Marquette hotel here. "Clinton hasn't done anything that any number of American males haven't done. They ought to leave the man alone. I think there are bigger issues to worry about in the world than whether someone is having sex with someone they shouldn't be."

Mr. Clinton has denied the accusations against him.

Opinion polls showing continued support for Mr. Clinton's conduct of the nation's business, even as doubts rose about his conduct of his own business, left many Republicans scratching their heads.

An NBC Poll showed that the number of Americans who thought Mr. Clinton had lied about having an affair with Ms. Lewinsky had risen to 43 percent over the weekend from 35 percent on Tuesday; yet the numbers of those who thought he should be removed from office if the charges proved

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## AGENDA

### Albright Criticizes Pace of Peace Talks

Madeleine Albright, the U.S. secretary of state, scolded Israeli and Palestinian leaders Sunday for delaying the fundamental decisions necessary to revive peace talks.

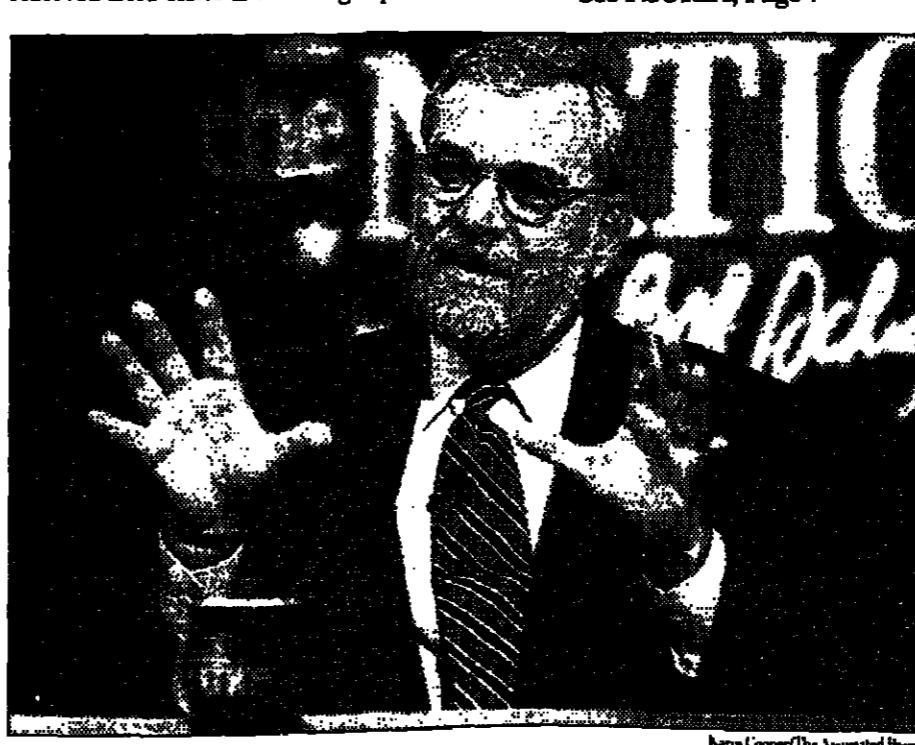
"We have been stalled at this point in the peace process, negotiating the same issues, for a long time — frankly, far too long," Mrs. Albright said at a news conference. "There is far too much at stake for this to go on."

She said that both Prime Minister Benjamin Netanyahu of Israel and the Palestinian leader, Yasser Arafat, had agreed to send envoys to Washington next week for further discussions.

"But I must say I had hoped we would get further on this trip than we have," Mrs. Albright added. Page 5.

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The IHT on-line [www.iht.com](http://www.iht.com)



William Ginsburg, the lawyer for Monica Lewinsky, being interviewed Sunday.



## Investigation in Washington / A Different Kind of Journalism

## Internet's Magnifying Glass

## Electronic 'Coverage' Challenges All the Rules

By Janny Scott  
New York Times Service

NEW YORK — The story that caromed off the keyboard of an Internet tipster and hurtled through the talk shows to the top of every network news broadcast and major newspaper in the country appears to many in journalism to have blurred the boundaries between mainstream and tabloid news.

For nearly two weeks now, newspapers and news shows have been dominated by the story, which has been rife with the sensational elements of tabloid news, based heavily on anonymous sources and colored in many instances by what journalists themselves say is speculation and hype.

Editors have found themselves debating whether to use words like "semen" on the nightly news, wondering whether eight times is too often to use "scandal" on a single front page, scrutinizing wire stories they are about to publish to guess whether information from an unnamed source is first-, second- or third-hand.

"This is in many ways the most difficult story I've seen in 25 years in journalism," said Sandra Mims Rowe, editor of The Oregonian in Portland, Oregon. "The advances in media, the crush of media, the greatly varying standards that media have and the 24-hour news cycle are all a piece of that."

"We spout off all these high ideals and goals of journalism," Ms. Mims said, "and then you get a story where the principal characters are of questionable character, and the details have a salacious aspect, and the whole blasted thing is based on anonymous sources. That combination is troubling."

There is little disagreement about whether news organizations should be covering the story, concerning as it does accusations that President Bill Clinton had sex with a former White House intern and encouraged her to lie under oath. Those accusations, which have been emphatically denied by Mr. Clinton, are under investigation by the independent counsel.

"We're talking here about very serious allegations if they're true," said Peter Jennings, the ABC News anchor. "These are not tabloid allegations. The independent counsel calls them grave and serious. This is about a power struggle, this is about a political struggle, and then it is about the way the media cover it."

How the media have covered it is the source of the discomfort. Many journalists say mainstream news organizations have lowered their standards in the face of the information free-for-all that has resulted from the rise of the Internet, talk radio and 24-hour cable news.

"My view is that some of the media are out of control in covering this story," said James Rissner, a two-time Pulitzer Prize winner who ran the Washington bureau of the Des Moines Register for nine years. "Rumor and inadequately sourced information are being rushed into print and on the air."

"Much of this is due to competition," said Mr. Rissner, who is now director of the Knight journalism fellowship program at Stanford University. "But competition is not going to be an adequate excuse if elements of this story turn out to be wrong."

How the story first surfaced illustrates the problem mainstream news organizations face. When Newsweek magazine opted two weeks ago to refrain from running the story that week, Matt Drudge heard about it and posted a story about the story on his on-line gossip sheet, the Drudge Report.

That report, on Jan. 17, made its way to various Internet news groups, then into the conversation on ABC-TV's "This Week" program the following morning, then onto a CNN talk show, then onto CBS Radio and finally into major newspapers and network news shows on Jan. 21.

From there, it soared into almost round-the-clock coverage on CNN and MSNBC. Networks began interrupting programs to air White House briefings. Usage of World Wide Web sites shot through the roof; newsstands sales went up. Newsweek ended up posting on-line the story it had not been prepared to put in print.

"Did the Web give the story additional velocity? Definitely," Seth Stevenson wrote in the on-line magazine Slate, tracking the story's trajectory. "The ethics cops who patrol newspaper and magazine newsrooms can't control the rumors and unsubstantiated stories that people post to the Web."

Reporters and editors found themselves chasing down rumors that seemed to catapult into truth by simply bouncing back and forth from one medium to another. Some news organizations published reports they had been unable to verify themselves, adding the disclaimer, "if true."

The subject matter, too, was troublesome. The Chicago Tribune has mostly avoided using the phrase "oral sex." The Christian Science Monitor is referring to semen as "residue." Mr. Jennings found himself on the air trying to interview Candace Bushnell, the sex columnist, about men, sex and power.

"Even if you wouldn't have covered something in your paper based on your standards, suddenly it has become part of the public policy discussion, and you are forced to cover it," said David Cook, editor of The Christian Science Monitor.

There was a time when a handful of newspapers and networks acted as gatekeepers for the news. But that monopoly is long gone. Now, everyone seems to compete with everyone. Some longtime journalists say they fear that the divergent standards of different media have begun to blur together.

Cable television is widely believed to have changed network television news. And CNN's coverage of the Gulf War in 1991 is seen by many as the precursor of the kind of television news coverage that characterized events like the O.J. Simpson case and the death of Diana, Princess of Wales.



REUNION — Bill Clinton and his daughter, Chelsea, leaving the White House for Camp David, Maryland. She took the weekend off from Stanford University.

## Sex and Civics: What Should a Child Be Told?

By Tamar Lewin  
New York Times Service

NEW YORK — Dr. Harold Koplewicz, director of New York University's Child Study Center, tells of the parents who got nervous last week when their 8-year-old son asked what was happening in the White House.

Worried that they were about to face some tough questioning about sex, they stalled, asking, "What do you mean?"

"Well, said the boy, "What's an intern?"

Across the country, parents and teachers spent the last week trying to help their children make sense of the president's latest crisis, taking on sensitive topics such as oral sex and marital fidelity and grappling with hard questions about rumors and wire-tap-

ping and betrayal. "My daughter was very upset," said Susan, a woman who refused to give her last name for fear of embarrassing her 15-year-old daughter.

The woman was speaking at an evening session at New York University Medical Center, where specialists from the Child Study Center and Children Now, a children's advocacy group based in California, offered guidelines on talking to children about tough issues.

"She thinks the president's a real sleazeball," the mother said, "and she's very concerned about Chelsea."

"I remind her that we don't have all the answers yet, but it does look fishy," the mother said. "We have talked about oral sex before this, and now we're talking about it more. She

sees very clearly how women can be used."

For some, especially those dealing with young children, talking about current events has become treacherous territory. Elementary-school teachers describe discussions in which a third-grader reports that the president may be having an affair, and the next child asks what an affair is.

"I got in a little too deep with my 9-year-old daughter, who had heard some things on the news," said another woman at the New York University meeting.

Dr. Koplewicz stressed that what to say depended on both the child's developmental stage and what the child asks.

"With teenagers, this is a great jumping-off point for discussions about sex and values," he said.

But Dr. Koplewicz said, children 6 to 8 years old are not ready for sexual details.

"They will want to know if he did something bad," he said. "This is a chance to talk about how it's exciting to listen to secrets and gossip, but it's not nice and it's dangerous, and if this were about our uncle, or someone we loved, we wouldn't want to spread these stories, especially when we don't know what actually happened."

Children 8 to 12 years old are the most rigid, rule-driven group, Dr. Koplewicz said.

"They want to know: Did he do it, or didn't he? You can talk about how someone could be an excellent president, but maybe he did this, which would make him a bad husband; that one person could be both things."

## BOOKS

## CUBA LIBRE

By Elmore Leonard. 343 pages. \$23.95. Delacorte Press.

Reviewed by Christopher Lehmann-Haupt

S UDDENLY and surprisingly, after a series of recent novels set in contemporary Florida and Italy and Detroit and New York and Hollywood and Atlantic City, but mostly Florida, suddenly, in Elmore Leonard's 34th and latest, "Cuba Libre," we find ourselves in Cuba almost exactly a hundred years ago.

And instead of Leonard's usual noir-comic, claustrophobic beat of small-time hustlers and con men, the world here opens up to reveal a wide panorama of the Cuban revolution and the Spanish-American War, complete with the blowing up and sinking of the Maine in the opening pages, witnessed by Private Virgil Webster, a seagoing Marine and the few survivors:

"And the second explosion rocked the Maine amidships, the towering twin smokestacks vanishing from Virgil's sight, gone, the superstructure gone, in that moment erupting in a blaze of light, the ship bursting, ripped apart, and Virgil felt himself lifted from the deck-hammock still around him blown into the cloud of smoke, stunned, his head ringing so loud it was all he heard, blown into the hot sky, an oven, and then falling through smoke to hit the water, the surface on fire, Virgil still wrapped in his canvas shroud."

So how does Leonard thread his way through the chaos of history? Why, by drawing on his considerable skills as a writer of westerns, a genre he perfected in early novels like "The Bounty Hunters," "Last Stand at Saber River" and "Homage." The focal character in "Cuba Libre" is Ben Tyler, a cow-puncher from Sweetwater, Arizona, who

wears spurs because he likes "the sound they made, the ching, when he walked," and who has recently done time for bank robbery because he tried to collect from men who owed him by going straight to their bank accounts.

Tyler takes no guff from anyone. At the novel's opening, he has arrived in Havana to deliver a string of horses to an American sugar baron, which is actually a cover for an arms shipment to Cuban insurgents. When three Spanish hussars give Tyler a hard time, he tells them, "I thought the circus was in town and you boys played in the band." One of them challenges him to a duel. Tyler says: "What you need to do is get over your touchiness. You understand what I mean? You're too sensitive, got a thin skin on you."

Incensed, the hussar slaps Tyler with his glove. Tyler punches him in the face. The hussar draws a pistol and aims. Tyler whips out his own weapon and shoots the hussar dead. This gives the Guardia Civil an excuse to arrest Tyler on suspicion of running guns. In jail, he befriends Webster, the survivor of the Maine, who has been arrested, so that he can't testify about the sinking of his ship. The two of them quickly get caught up in the cross-currents of the war and revolution.

PREDICTABLY, because this is a Leonard novel, the story that ultimately unfolds is yet another brilliant retelling of Chaucer's "Pardon's Tale," with a half dozen or so parties scheming to make off with a fortune in ransom money intended for the revolutionary cause. What Leonard does with his usual skill is modulate the reader's like and dislike of the various characters so that "Cuba Libre" resolves itself in a satisfying finale of revenge.

And naturally, the prose is Leonard's familiar compounding of present participle: "The mulatta served them coffee

in the early morning of the 27th, the two leaning on the table to conspire: her lover in his uniform talking, talking — it was what he did — and her brother listening, Osma the slave hunter resting on his thick arms, Osma nodding, Osma raising the cup to sip coffee through his beard."

Still, despite these Leonard trademarks, "Cuba Libre" is unusually rich in period atmosphere, not so much because of its colorful mise-en-scene as because the author seems, as always, so uncannily at home with the slang and terminology of the times, even down to playfully detailing the contents of his heroine's traveling bag: "Sweet Caporal cigarettes, bottles of Ayer's pills, Lydia E. Pinkham's Vegetable Compound, Sherman's Papillary Oil, and a half pint of quinine."

And then, of course, there's Leonard's take on the war. Through the character of Neely Tucker, a correspondent for The Chicago Times who keeps framing scenes with his own florid prose, we hear of the charge up San Juan Hill of Teddy Roosevelt and his Rough Riders: "In some accounts they're even on horseback. But there was no mounted cavalry during the campaign; all the horses had been left at Port Tampa, though some staff and division officers had horses." He continues, "Teddy did take Kettle Hill, but by the time he got to the San Juan Heights the battle was almost over."

"American soldiers won this war," Tucker concludes, "despite the incompetence of their leaders." And what they won if for, another character insists, was to protect American business interests in Cuba.

But happily, Leonard is too good a storyteller to let such political views shape his characters. Their cynicism is all their own. And they act on it with the courage of their own amusing contempt.

New York Times Service

## BRIDGE

By Alan Truscott

A TRANS-Atlantic partnership captured the prestigious Cap Gemini Top Pairs in The Hague recently. Zia Mahmood, the Pakistani star who lives in Manhatten, was playing with the top-ranked British player, Tony Forrester. They held a big lead at the start of the final session but were challenged by two Italians, Andrea Buratti and Massimo Lanzarotti. The margin was 13 victory points with one match remaining to be played, but Zia and Forrester held on to win by 21.

The final standings were: first, Zia and Forrester, 85%; second, Buratti and Lanzarotti, 83%; third, Tor Helness and Geir Helgemo, of Norway, 81.5. The highest-ranked Americans were David Berkowitz, of Old Tappan, New Jersey, and Larry Cohen, of Boca Raton, Florida, who were sixth, with 78%.

Cohen and Berkowitz sat North-South on the dynamic deal shown in the diagram, with another American pair, Eric Rodwell and Jeff Meckstroth in the East-West seats. North's two-club opening was natural. South was eventually doubled in five hearts, a contract that would make an overtrick with normal breaks.

The lead of the spade nine was "reverse suit-preference," asking for a club return. South ruffed and carelessly led a diamond. East won, and led a trump, taken by the South made his contract, and gained 13 imps. East-

West were left to regret that they had not continued to five spades, a contract that succeeded at other tables.

**NORTH (D)**  
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♦ Q 9 4  
♦ 8  
♦ A K 10 7 3 2  
♦ K 7 5 4 3 2  
♦ 10 8 3  
♦ A 7 3  
♦ —  
**EAST**  
♦ Q 10 9 10  
♦ 9 5  
♦ K 9 5 4 2  
♦ J 9 8 4  
**SOUTH**  
♦ A K J 7 6 2  
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**WEST**  
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♦ 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23 22 21 20 19 18 17 16 1

# World Bank Targets the Next Asian Danger: Growing Social Unrest

By Michael Richardson  
*International Herald Tribune*

SINGAPORE — In a major effort to prevent large-scale social and ethnic unrest from derailing economic reforms in East Asia, the World Bank is considering allocating \$5 billion to emergency job creation and other programs to ease poverty in the region.

The money will be drawn from \$16 billion in loans pledged by the bank to East Asian countries since financial turmoil hit them in July, James Wolfensohn, the World Bank president, said in an interview Sunday.

"I don't know the exact numbers," he said, when asked how much of the \$16 billion would go toward protecting the poor and providing a social safety net. "But it might be 60 percent, or of that order."

Warning that "many, many mil-

lions" of Asians would lose their jobs as a result of the crisis, Mr. Wolfensohn said the bank would work closely with regional governments to develop programs to help the poor. He indicated that additional money would be made available if needed.

"In Asia, there isn't the sort of social welfare support that exists in the West," Mr. Wolfensohn said. "When you no longer have high economic growth, you fall and there is no safety net to catch you."

Most of the World Bank credits will go to Indonesia, Thailand and South Korea — the three countries forced by crisis to turn to the International Monetary Fund for assistance. They have had to accept harsh austerity measures and other sweeping reforms to their economies in exchange for IMF-led loans totaling more than \$100 billion.

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Most of the World Bank credits will go to Indonesia, Thailand and South Korea — the three countries forced by crisis to turn to the International Monetary Fund for assistance. They have had to accept harsh austerity measures and other sweeping reforms to their economies in exchange for IMF-led loans totaling more than \$100 billion.

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## BRIEFLY



First Prime Minister Ung Huot, left, listening to Nady Tan, a former dean of Funcinpec, at a party congress Sunday in Phnom Penh.

### Ex-Ranariddh Allies Create Two Parties

PHNOM PENH — Two senior members of the Funcinpec party of the deposed first prime minister, Prince Norodom Ranariddh, formed their own political parties Sunday.

Ung Huot, the prince's replacement as first prime minister, said he was forming the Populism Party. Earlier Sunday, the secretary-general of Funcinpec, Loy Sim Chheang, formed the New Society Party.

Officials from both parties said that although they were formally breaking with Prince Ranariddh, they supported his father, King Norodom Sihanouk, as the constitutional monarch.

(Reuters)

### New Tamil Fighting

COLOMBO — More than 300 Tamil Tiger rebels were killed in a battle in northern Sri Lanka just days before celebrations for the country's 50th anniversary of independence, the Defense Ministry said Sunday.

The fighting, the first major battle with separatist rebels since December, came one week after a bomb explosion at a Buddhist shrine in Kandy forced the government to move the anniversary festivities planned for Wednesday to Colombo.

The Defense Ministry said that a large rebel force began an attack in northern Kilinochchi district late Saturday and that fighting continued until early Sunday. Twenty government soldiers were killed as troops repulsed the attack.

The government outlawed the Lib-

eration Tigers of Tamil Eelam last week after blaming the rebels for the bomb blast that damaged Sri Lanka's holiest Buddhist shrine and killed 16 people.

### A China-Japan Thaw

TOKYO — China's defense minister will come to Japan this week, the first such visit in 14 years and part of what analysts say is a thaw in relations between Tokyo and Beijing.

"China is not as sensitive or suspicious toward Japan as it used to be," said Tetsuya Tsukamoto, political professor at National Defense Academy.

The six-day visit starting Tuesday by the Chinese defense minister, Chi Haotian, follows a series of meetings last year between Prime Minister Ryutaro Hashimoto of Japan and Chinese leaders including Prime Minister Li Peng.

The high-level dialogue has helped to reduce, if not eliminate, Chinese concerns over Japan's World War II past, its new military profile and territorial issues such as Taiwan, the analysts said.

(Reuters)

### Bomb Scare on Jet

TOKYO — A Garuda Indonesia passenger airplane bound for Osaka, Japan, returned to Jakarta one hour after takeoff Sunday because of a bomb threat, airline officials said.

An official at Kansai International Airport in Osaka in western Japan said three passengers were injured in an emergency evacuation. No bomb was found aboard the craft, an Airbus A-330 carrying 225 passengers and crew, officials said.

(Reuters)

### For Beijing Students, the Communist Party Club Is Back in Fashion

By Erik Eckholm  
*New York Times Service*

BEIJING — In an era of business deals and fervent consumerism, when the MBA is hot among graduating seniors, why do more and more of the better college students yearn to join a seemingly outdated club — the Communist Party?

At Beijing University, the country's most prestigious school, which draws an elite student body from around the country, 10 percent of the 8,733 undergraduates are now party members. That proportion is up from 5 percent in 1991, when the party was in low repute after the violent crackdown on students demonstrating in favor of democracy in 1989.

More than 20 percent of the Beijing University students have sought to join, and applications are increasing each year, party officials say. It is not easy to get into this exclusive club.

The numbers of applicants and members are also climbing at other leading universities, the officials say. Nationally, the Communist Party's total membership has grown to a historic high of 58 million, up from 48 million in 1989 and 4.5 million back in 1949, when the People's Republic of China was founded.

There are two explanations for the party's continuing growth.

One is offered by Wang Dang, 20, a junior at Beijing University who had started his quest for party membership while still in high school in the southern coastal province of Zhejiang.

"This is an outstanding party with an outstanding purpose, to change society for the better," he said. "It's attractive to anyone who is searching for higher ideals in life."

### In East Asia's Crisis, Seeking to Protect the Poor

*The International Monetary Fund and the World Bank have been the two main organizations working with governments in East Asia on reforms and other measures to cope with the region's financial crisis. In Singapore on Sunday, James Wolfensohn, president of the World Bank, discussed developments with Michael Richardson of the International Herald Tribune.*

Q. What are the main problems the World Bank is focusing on in Indonesia, Thailand, South Korea and other East Asian countries affected by the financial turmoil and economic slowdown?

A. There are two strands. The first deals with what happens after the IMF has brought some stability to financial markets. We are working with governments to restructure their banking and financial systems and with the private sector to restructure their equity and ensure that they can continue their business.

Strand two is the social aspect. The impact of the crisis is felt most by poor people, both in the city and in the country. The bank is coming in to work with governments on social-sector programs that can be effective in alleviating the worst consequence of the crisis.

Q. The World Bank has so far pledged about \$16 billion in loans to East Asia to cope with the problems. Are you satisfied that enough of the money is going to protect the poor and other vulnerable groups, rather than to strengthening the banking system?

A. Yes. But I am also certain that unless you have a viable financial sector, a functioning business community and a growing gross domestic product, you can't do much for the poor.

The people who are most vulnerable are those who have moved from poverty, which we describe as living on an income of under \$1 a day, to that zone between \$1 and \$2 a day. There are many in that group.

Q. You announced in Bangkok on Saturday a new \$300 million loan for a social investment program to help create jobs in rural areas of Thailand. Is the World Bank prepared to make more money available to Indonesia and South Korea to help cushion the impact of rapidly rising unemployment?

A. That is what I am in the region to talk about. I'll be discussing it with the Indonesians this week. My own view is that the availability of funding is likely

The money we put into restructuring financial and banking systems is very much in the interests of the poor. With openness and transparency, you can ensure stability and a better deal for poor people so they are not being taken advantage of by pirates and others who are corrupt. So I think the suggested contrast that one part of the World Bank's work is for the rich financial sector and the other is for the poor may be misleading. You really need both.

Q. Has the World Bank made any estimate of the number of people in East Asia who are likely to lose their jobs in 1998 and subsequent years?

A. No, we haven't. But there will be many, many millions. In Asia, there isn't the sort of social welfare support that exists in the West. When you no longer have high economic growth, you fall, and there is no safety net to catch you.

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to be there. I am working with the governments on what are the types of program that can provide efficient and effective delivery of the sort of help that we can give.

The Indonesian government can be very efficient in the way it carries out programs to help the poor.

Q. And that the money doesn't get siphoned off into corrupt pockets?

A. I don't think that anybody would believe that corruption is not evident in some parts of Indonesia. What I am saying is that in terms of delivery to the people, there is absolute evidence that there has been a change in the number of Indonesians who live below the official poverty line of under \$1 a day. The proportion of the population in dire poverty has fallen from 40 percent

of the recent warming in U.S. ties, Mr. Zhu's comments were brief by comparison with Beijing's previous lengthy defenses of its rights record and attacks on Washington's human-rights policy.

A human-rights group reported, meanwhile, that police in the southwestern province of Guizhou had arrested four poets known for their liberal views who had been planning to publish an independent literary journal.

Wu Ruohai, Xiong Junren, Ma Zhe and Ma Qiang were taken away Monday, and their families have not been told the reason for their arrests, the Information Center of Human Rights and Democratic Movement in China said, citing sources.

In another development, Xu Wendi issued a letter urging China's legislature to ratify United Nations human-rights covenants. Mr. Xu spent 12 years in prison for his role in the 1979-81 Democracy Wall movement. (AP, Reuters)

20 years ago to 11 percent this year.

Q. Are you concerned that mass unemployment in Indonesia and other hard-hit countries in East Asia will ignite social and ethnic tensions?

A. Of course I am concerned about it. But giving economic hope can alleviate this risk. Whether it is in Asia or Congo or Gaza or Bosnia, the only way that you can have stability and peace is if people have that kind of hope.

Q. Critics of the IMF claim that the austerity conditions it imposes on governments in exchange for multibillion-dollar loans are aggravating the crisis by throwing more people out of work and creating the kind of social stress and economic hardship that you say the World Bank is coming in to alleviate.

A. I've heard those criticisms. But the first thing you have to do when you're in a crisis is to steady the situation. When you have a free fall of currencies and stock markets, you have to restore confidence. I think the IMF programs have been designed first and foremost to restore economic confidence — to put a tourniquet around the bleeding arm. Arguments as to where you should put the tourniquet or how tightly you should do it are more art than science, in my judgment.

They have done a good job. I think that what they are now doing is going back on a second mission to see how their programs relate to current conditions in the country, including the impact on the poor, job-creation and liquidity for the private sector. I have confidence they'll come out with a good result.

### Japan Town Is Attacked By Monkeys

By Kevin Sullivan  
*Washington Post Service*

TOKYO — A pack of wild monkeys terrorized a seaside resort town south of Tokyo last week, attacking 30 people and sending eight of them to the hospital with bites.

The victims, mostly women, were attacked from behind, often in their own homes, by monkeys who bit them on the ankles, calves and backs. One woman, 62, was bitten as she vacuumed her living room; another was jumped on the street and pushed to the ground.

"I have lived for 77 years," she said. "And this is the first time I've been attacked by a monkey."

Officials in the town of Ito, on the Izu Peninsula, have no idea why the unusually peaceful monkeys came down from the mountains. They speculate that an unusually snowy winter has made it hard for them to find food, forcing them into town to scavenge. But that does not explain the bad attitude, or why 26 of the 30 victims have been women from 40 to 80 years old.

At least five monkeys, each standing about 1 meter (3 feet) high, have been spotted tangled in people's laundry or going for the ceremonial fruit on the Buddhist altars that many people have.

The town is fighting back. At one school, people are guarding the building with long sticks to swat away any monkeys that come near the children.

Loudspeakers, which normally warn townspeople in the event of earthquakes, are broadcasting this message: "Monkeys are on the loose. If you go out, lock your door. Be cautious. Do not give them food."

The monkeys have shown a remarkable aptitude for opening unlocked doors and entering homes.

Fukuyoshi Inaba said she had been vacuuming when she was bitten from behind, on the smile, and saw what she thought was a dog running out the door.

She pulled the sliding door shut and returned to work, only to be attacked again.

This time, she saw that it was a monkey, which had managed to open the door. When she shouted and began banging on a chair, the monkey retreated.

### Sonia Gandhi Opens Congress Party Campaign

Reuters

AMETHI, India — Sonia Gandhi kicked off the Congress (I) Party's election campaign in the northern state of Uttar Pradesh on Sunday in the Amethi constituency of her late husband, Rajiv Gandhi, a former prime minister.

Describing her visit as a "homecoming," the Italian-born widow urged the government to complete the inquiry into her husband's assassination.

Despite the verdict against the 26 accused, "I would expect the government not to allow any let-up in the investigations," she said at an election

rally of about 100,000 people. "Let the world know the whole truth."

Accompanied by her son, Rahul, her daughter, Priyanka, and son-in-law, Robert Vadra, Mrs. Gandhi was introduced to the crowd as the "bride of Amethi" by her late husband's protégé, a pilot-turned-politician, Satish Sharma.

nrest

as saying in an interview Sunday that the collapse in the value of the currency, the rubiah, since 1997 had destroyed many of the economic advances made by the world's most populous nation over the last 20 years. The comments were published in the Japanese financial daily *Keizai Shinbun*.

The government-sponsored All Indonesian Workers' Union estimated recently that unemployment in Indonesia for 1997 would reach 13.5 million, or 11 percent of the work force, an increase of nearly 52 percent from 8.9 million last year.

In addition, the union said that the number of underemployed, or part-time workers would reach almost 49 million, or more than 21 percent of the work force, in 1997. Indonesia has a population of 200 million.

at the Poor

years ago to 11 percent this year. Are you concerned that mass unemployment in Indonesia and other Asian countries in East Asia will lead to social and ethnic tensions? Of course I am concerned about it, giving economic hope can alleviate that. Whether it is in Asia or Congo or Bosnia, the only way that people have stability and peace is if people have that kind of hope.

Comments of the IMF claim that the country conditions it imposes on governments in exchange for multibillion-dollar loans are aggravating the crisis by creating the kind of social stress and economic hardship that you say the Bank is coming to alleviate. The first thing you have to do when you're in a crisis is to unify the simplest things. When you have a free fall of currencies and stock markets, you have to restore confidence. Then, the IMF loans have been designed first and foremost to restore confidence — to put a damper around the falling arm. Argentina is where I found that the economists, or how you should do it, are more an absence, as my judgment, they have done a good job. I think that they are doing a good job. It's a second job, and it's not too progressive, but it's a better concern in the country, in doing the right thing. I think the people in the government have done a good job. I have to say that it's coming off a

Japan Town Is Attacked By Monkeys

By Kevin Sack

TOKYO —

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## INTERNATIONAL

**Robust Economy Gets Credit for U.S. Budget Surpluses**By Clay Chandler  
*Washington Post Service*

**WASHINGTON** — In the budget that he will submit to Congress on Monday, President Bill Clinton will propose a package of tax and spending measures he estimates will generate a \$9.5 billion surplus in fiscal 1999, and nearly \$1 trillion in surpluses over the next decade.

The proposed surplus, if realized, would mark the first time that the federal government has taken in more annually than it has spent since 1969, when Lyndon Johnson to finance the Vietnam War yielded a modest bonus of \$3.2 billion.

The surplus would reverse the trend of three decades in which the federal government added nearly \$3.5 trillion in red ink to the national debt, which now stands at \$5.4 trillion. Many budget analysts think that it could signal the end of a period in which ever-larger federal deficits were considered an unhealthy but largely uncontrollable aspect of U.S. economic policy.

Mr. Clinton's budget projects steadily growing surpluses in each of the next 10 years, with a windfall of about \$219 billion in its first five years. In their most recent forecast, analysts at the Congressional Budget Office project comparable surpluses over a five-year period and \$660 billion in excess revenue over 10 years even if there are no changes in current tax and spending policies.

"It's just amazing — a different world," marvels

Gene Sperling, director of Mr. Clinton's National Economic Council. His summary of the new budget outlook: "Surpluses as far as the eye can see."

Members of Congress, too, express astonishment. "When I came here 20 years ago, we were looking at a totally, absolutely, incredibly different environment," recalled Representative Robert Livingston, the Louisiana Republican who heads the House Appropriations Committee. "We had the Cold War and the Soviet Union aiming missiles at us. Jimmy Carter said we were running out of oil in an energy crisis." He added, "We had inflation, unemployment and high interest rates."

And today? "The Soviet Union doesn't exist," Mr. Livingston said. "Inflation is almost nonexistent, interest rates are at a generational low and the biggest worry for businesses is finding enough skilled labor. There is no energy crisis. We've tackled welfare, crime is on its way down and the stock market has risen to all-time highs. Last year we had the first tax cut in 16 years and, effectively, we've already balanced the budget. It's a whole new America."

How exactly did the United States get here? The answer is complex.

Politicians in Washington are eager to claim credit for leading the economy to the promised land. But budget analysts tend to assign far more significance to the remarkable resurgence of the economy, which has improved federal tax revenue as it lifted the incomes of nation's families and firms.

Experts say, too, that the sudden flood of revenue

has come not just from economic growth, but the structure of that growth, with a disproportionate share of gains flowing to businesses and high-income households taxed at higher rates.

Of course, the full saga of the shrinking budget deficit has a tangled plot line.

In the story told by Republicans, former President Ronald Reagan gets top billing. The giant tax cut he pushed through in 1981 unleashed the century's biggest economic boom, conservatives said.

Republicans who seized control of Congress in 1994 also play a starring role in this version for setting a deadline for a balanced budget — and forcing Mr. Clinton to embrace their goal.

Democrats tell it differently. In their version, the climactic scene is passage of Mr. Clinton's first budget, narrowly enacted in 1993 without a single Republican vote.

To hear Mr. Clinton supporters tell it, that plan, which called for \$500 billion in deficit reduction over five years, promptly led to lower interest rates, brought the bulls charging back to Wall Street and set in motion what Lawrence Summers, a Clinton economist, hails as a "virtuous circle" of expanding growth.

"The 1993 budget deal freed up hundreds of billions of dollars for private investment, which grew the economy, which increased revenues, which reduced the deficit and freed up still more for private investment," Mr. Summers said. "It reversed the vicious cycle of previous policies."

Investors, meanwhile, tend to credit another act-

or: the Federal Reserve chairman, Alan Greenspan, whom they praise for his vigilance against inflation and seeming willingness to let the economy grow faster than other economists had thought possible.

Still, whatever the contributions of individual policymakers in balancing the budget, their task was simplified enormously by the unexpected robust growth of the U.S. economy this decade.

Historically, the growth of mature industrialized economies like that of the United States has followed an unerring boom-bust pattern known as the business cycle, in which expansion is punctuated every few years by periods of contraction.

Since March 1991, the end of the last recession, the U.S. economy has grown without interruption. If it lasts through the calendar year, this will become the longest peacetime expansion in American history. Growth during this remarkable period has averaged a real annual rate of 2.9 percent. Last week, the federal government announced that in 1997, the economy grew by 3.8 percent.

Unemployment, meanwhile, has fallen to 4.7 percent last year from 7.7 percent in 1991.

Historically, when unemployment has declined to such low levels, inflation has been quick to follow. The fight to tame that rise in prices has generally involved raising interest rates, as well as other policy moves that can precipitate a slump.

For now, however, economists see no signs of inflationary pressure and in the absence of a major external shock, few see reasons that the economic good times should come to an end any time soon.

## BRIEFLY

**Lebanese Troops Ease Village Siege**

**BRITEL, Lebanon** — The Lebanese Army pressed its mantua Sunday for Sheikh Sobhi Tuftali but eased a siege of his home village to allow the funeral of his aide killed in an army assault last week.

Heavily armed troops surrounding the anti-Western Shiite cleric's home village of Britel in eastern Lebanon allowed about 10,000 people to hold a funeral for Sheikh Khodr Tuftali, his right-hand man.

Angry throngs at the funeral shouted slogans against the pro-Iranian Hezbollah, which recently expelled Sheikh Tuftali. His occupation of a Hezbollah school triggered clashes with the army. (Reuters)

**Bonn Urges Tehran To Release German**

**BONN** — Germany urged Iran on Sunday to free a Hamburg businessman sentenced to death by stoning for having sexual relations with a Muslim woman.

Foreign Minister Klaus Kinkel said he and the government were "shocked" by the Tehran court ruling last Monday against 56-year-old Helmut Hofer.

"I urge the Iranian justice authorities to apply humanity and justice," Mr. Kinkel told the newspaper *Bild am Sonntag*. "Let Helmut Hofer go free." (Reuters)

**Mexican Drug Ring Infiltrated Probe**

**MEXICO CITY** — A government investigation into the disappearance of scores of people in northern Mexico has been thrown into turmoil by the discovery that narcotics traffickers infiltrated one of their agents into the unit carrying out the inquiry.

Attorney General Jorge Madrazo Cuellar said in an interview that he had been stunned to learn that a federal police officer with ties to traffickers had been assigned to take part in one of the country's most sensitive investigations.

"I lost all confidence in the group," Mr. Madrazo said. He said he intended to appoint new prosecutors and detectives to carry out the investigation. (NYT)



With officials encouraging them, Iraqi civilians shouting anti-American slogans Sunday in Baghdad. (Eric Marti/Associated Press)

**France to Send Envoy to Iraq With Warning**

Compiled by Our Staff From Dispatches

**France to Send Envoy to Iraq With Warning****IRAQ: U.S. Set to Use 'Substantial' Force in Weeks, Albright Warns**

1990 invasion of Kuwait.

Mrs. Albright said the United States generally supported expanding the program but would not commit itself to any magnitude.

The UN secretary-general, Kofi Annan, said over the weekend that he would present a report proposing improvements in Iraq's oil-for-food deal to the Security Council.

"We will be examining Kofi Annan's proposal specifically," Mrs. Albright said in Jerusalem before heading to the Gulf. "In a general way, we do support an expansion of the oil-for-food program."

Mrs. Annan declined to give details about his report other than to say it would propose improvements for the Iraqi people. UN sources said Mr. Annan was expected to recommend increasing humanitarian supplies for Iraq by more than \$2 billion.

Later in the week Mrs. Albright will visit Saudi Arabia, the most influential Gulf Arab state, and Bahrain — headquarters of the U.S. 5th Fleet, which patrols the region. Bahrain assumed a UN Security Council seat this year as a nonpermanent member.

As fears of a military showdown rose, more countries added their weight to diplomatic efforts.

Foreign Minister Ismail Cetin of Turkey, whose country backed the U.S.-led military coalition that drove Iraq from Kuwait, said he was going to Baghdad to seek a peaceful settlement.

"A military strike seems imminent,"

he said in Davos. "That is why we are trying our best to find a diplomatic solution."

Russia, which like Turkey is suffering severe economic losses because of the sanctions against Iraq, sent a diplomat to Baghdad for the second time in a week.

"They have made certain proposals," President Boris Yeltsin's personal envoy, Viktor Posuvalyuk, said of the Iraqis on Russian state television. "We have to try to get more concessions from them."

The official Iraqi press agency, INA, said Mr. Posuvalyuk crossed into Iraq from Jordan on Sunday.

President Hosni Mubarak of Egypt, reflecting a view widely held in the region, said diplomacy should not be abandoned.

"The time is inappropriate for a military strike and will only increase the tension in the region," he told the state-owned Al Ahkbar daily, adding, "I urge the Iraqi leadership to contain the situation for the sake of the Iraqi people."

The dispute between Iraq and the United Nations hinges on Baghdad's disagreements with inspectors seeking materials related to its weapons programs. (Reuters, NYT, AFP, AP)

**SADDAM: In Iraq, Vast Monuments to the Glory of the Leader**

Continued from Page 1

asked Ahmad to tell him what he really wanted.

"One egg, please," Ahmad whispered in the doctor's ear.

Despite the oil embargo, Mr. Saddam seems stronger than ever. In two weeks of interviews here with Iraqis, United Nations officials, diplomats and Asian and European business executives, many say they believe that he may even be picking up political support, especially among the young who have been well indoctrinated in the schools. Mr. Saddam has been in full control for nearly 20 years, and for a decade before that was a

minority.

His comment signaled dissension in the government in the dispute with Baghdad. Mr. Chevenement — who in 1991 resigned as defense minister rather than take part in the Gulf War against Kuwait, said he was going to the confrontation, telling France Info state radio that "Iraq is no longer a military menace" and "it is time to lift this ferocious embargo."

(Reuters, AP)

rising star in the Arab Ba'ath Socialist Party, which came to power in 1968.

Despite the oil embargo, or perhaps because of it, many Iraqis, publicly at least, direct their anger at the United States, rather than at their president.

"Do you think we wanted to invade Kuwait?" one unusually outspoken Iraqi remarked. Then he added, "But was that enough that our children should be dying even now?"

It is all but impossible to gauge public opinion, though, because Iraqis seem to be under scrutiny at all times by a vast network of security agencies with outposts in most neighborhoods. "Please don't take pictures here," a taxi driver begged a reporter who was dropped off at a well-known restaurant. "They will take down my number and come to my house tonight to ask what I am doing with a foreigner in my car."

Mr. Saddam rules by a potent combination of terror and secrecy. He and his party apparatus permit no dissent. In 1995, he held a referendum on his presidency. Those who watched the process say that in the days preceding the vote, Ba'ath Party workers combed every neighborhood, going door to door to ask if the household had ration cards, a subtle message that the family's subsidized food might be in jeopardy if adults failed to vote. Rumors were deliberately circulated about the sophisticated methods the government had for detecting negative ballots, even if cast in secret.

As television cameras moved in on the day of the vote, people were seen holding their ballots aloft and chanting, "Naam, naam, Saddam!" or, "Yes, yes, for Saddam!" The president won 99.96 percent of the vote.

Mr. Saddam is rarely seen in public. Most of his official appearances are on

**CLINTON: Pressure Appears to Ease, Despite New Allegations**

Continued from Page 1

peaked Mr. Starr's actions to lead the Congress to reconsider the workings of the office of independent counsel.

"I think we've got to look at the special prosecutor law and make changes in it," he said.

Mr. Starr spoke briefly to reporters Saturday, saying only that he was "moving forward trying to gather the facts."

Although the story has taken many shifts since it erupted Jan. 21, the immediate pressure on Mr. Clinton appeared substantially less at the end of the week than it had at the beginning, when Ms. Lewinsky was expected to appear before a grand jury newly authorized to hear the allegations against Mr. Clinton.

"Does anybody do any real work there?" asked Mr. Saunders, a manager at one of a half-dozen Caterpillar plants in the area. "This is kind of like Chappaquiddick to us," he said, referring to the 1969 accident involving Senator Edward Kennedy of Massachusetts, in which he drove off a bridge and a female aide who was with him drowned. "It's sad for the

lawyers. But he said that if Mr. Clinton's lawyers filed a motion to dismiss the grand jury investigation, "We would certainly look at that motion, and assess whether or not we wanted to join it," he said.

The New York Times reported that despite an intensive search lasting three years, lawyers for Mrs. Jones still have not been able to find any credible new witnesses willing to testify under oath that they had had a sexual relationship with Mr. Clinton. It quoted witnesses and lawyers involved in the Jones case.

The Times said that although private investigators had crisscrossed the country interviewing women linked by rumor to the president, at least five of the women had denied the rumors in pretrial depositions.

The first lady, meanwhile, was in Davos, Switzerland, for the annual economic forum, as were Thomas McLarty, a presidential aide, and Mr. Jordan.

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government television, and no opposing view comes from satellite television, which is forbidden. It is said that probably no more than a dozen people know where he is at any given time. UN weapons inspectors have been told that he moves from palace to palace from night to night.

Ambassadors based in Baghdad never meet the president — with the exception of Russians. Envoy present their credentials to a vice president or other official. Neither Richard Butler, the chief UN arms inspector, nor his predecessor, Rolf Ekeus, a Swedish diplomat who is now ambassador to Washington, were ever given the opportunity to talk directly with Mr. Saddam.

The economic collapse of Iraq has gutted the intelligentsia, once one of the most respected in the Arab world. If any sector of society outside the military might have formed a political opposition, the Iraqi middle class would have been the only hope, a diplomat said.

"It has now been totally destroyed," this envoy said of the middle class. It is a sentiment heard everywhere in Iraq.

An Iraqi professional now earns a base pay of 3,000 dinars a month, or about \$2 at the unofficial exchange rate, for government work, which includes hospitals and universities. A kilogram of chicken costs 1,100 dinars; eggs are about 1,200 dinars a dozen. Fresh fruit and vegetables are priced beyond the reach of most families.

Years before the embargo was even imposed, though, Mr. Saddam's government had made economic policy choices that have now come back to haunt all 22 million Iraqis. From 1968 until the late 1980s, his Ba'ath Party gave government a large role in the economy and relegated the private sector largely to minor industries, crafts and petty trade.

# Herald Tribune

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## Unite Against Saddam

By rights, France, Russia, China, Turkey and other more or less reluctant partners of the United States in thwarting Iraq's chemical and biological weapons ambitions can no more want to see weapons of mass destruction unleashed in the unsettled Gulf region than does the United States.

On the national security merits, they have every reason to be at the American side. Yet of those who have stalled, only France has recovered good sense as the Iraq crisis worsens — and it only in part.

Secretary of State Madeleine Albright was able to draw her French counterpart from a position excluding the use of force — that is, from a position practically inviting Saddam Hussein to go chemical and biological — to a position leaving the use of force as an option if diplomacy fails. An option for others: France, in a weakening decision, apparently will not take part in any fighting itself.

It is suggested that the French and, separately, the Russians have been supplying a diplomatic alternative while the Americans show an ever stronger military readiness in order to make the diplomacy work. Announcing that the United States is informing its allies that it is moving toward force alone if necessary, not soliciting the approval of its allies, is part of this readiness; another part is pushing Paris and Moscow to deliver a real solution to the inspection imperative. What is going on is a version of the good cop, bad cop routine.

The last time the Russians and French were out, however, when Saddam Hussein was challenging the United Nations inspection regime in November, he made fools of them. Having promised them to let the Americans back into the inspector corps,

Saddam Hussein was soon making an even more radical challenge of the whole UN inspector system.

France has shown some recognition of its humiliation. Russia seems to be continuing its self-indulgent campaign to appease Saddam Hussein and to win back in Iraq a semblance of the former Soviet Union's broad diplomatic role.

The overall record must mute any current hopes for a diplomatic solution, but the pursuit of one is essential to widen support for the potential use of force as an unavoidable last resort.

The Russians and even the French remain skeptical of a military solution, especially of one confined to attacks from the air. Who is not skeptical? The deadly stuff is too easy to hide, and Saddam Hussein will win some sympathy for the intervention and for Iraq's casualties.

But, as Russia and France should know better than anyone, Saddam Hussein has a fundamental contempt for diplomacy. For him it is useful only as a ruse.

Force applied deliberately from the air, if it cannot assuredly topple the Iraqi dictator, can at the least destroy some of his military facilities and put his regime under heavy new political stresses. These are no mean achievements.

A special situation exists in Iraq. The gravity of letting a proven and unconstructed aggressor defy international strictures and wield frightening weapons that threaten opposing armies and civilian populations alike can scarcely be exaggerated.

This specter is what makes it necessary for law-respecting nations to unite to the extent possible and proceed against Saddam Hussein.

— THE WASHINGTON POST.

## The Law Must Prevail

The United States has arrived at one of those peculiar moments when what is good for the immediate political interests of a sitting president is harmful to the political culture of the nation. We have seen the same split on a much more momentous level with Lyndon Johnson and the Vietnam War, and a few years later with Richard Nixon and Watergate.

The defining crisis of this president seems frail in comparison, because of its tawdriness. But on the level of political morality and public disengagement and the president's presumed duty to embody the rule of law in a society founded on the sanctity of law, there are similarities.

Once again, Americans are being invited to suspend judgment about the personality and character of a president in the interest of stability, prosperity and orderly succession.

Based on the polls' latest snapshot of public opinion, a heavy majority of Americans have reached a provisional decision to muddle through with a leader they do not believe rather than go through the trauma of resignation or removal. It may be a wise choice, but it is an ineffably saddening one. To face it affects the national psyche because Americans place such a high value on admiration of the president.

Aside from people with White House ties, there are few public figures — and few Democrats in Congress — willing to argue spontaneously for President Bill Clinton. The dilemma of the nation's feminist organizations reflects that of the electorate at large. Because Mr. Clinton is an effective advocate of their legislative needs, the women's groups are willing to put some of their other values into hibernation for a few years.

This emerging consensus for an arranged, no-illusions stability based on the realpolitik pragmatism of consenting adults could be shattered by sexual revelations that repel Middle America or by definitive evidence that Mr. Clinton violated the law. But for the moment, it is the foundation of Hillary Clinton's bluntly effective spin operation.

Her lumping of all presidential critics into a right-wing conspiracy is, of course, demagogic, even allowing for book-packagers and other unwholesome hangers-on around Monica Lewinsky, Linda Tripp and Paula Jones. The historic arc of this presidency has been of people starting out as supporters on issues like health care and free trade and then gradually becoming disenchanted.

It is not enlistment in a cabal that

turns them but rather revulsion at one or another serial embarrassment having to do with fugitive contributors or the battering of White House invitations or financial windfalls for disgraced couriers or, in this case, allegations of mysteriously unpresidential associations.

Like Tom and Daisy Buchanan in "The Great Gatsby," the Clintons sometimes operate with a "vast carelessness" that leaves wreckage behind. Since 1992, their political organization has had an announced policy of dismantling the reputation of any woman linked to the president. Most of these women, like Ms. Lewinsky, have vulnerabilities that make them fairly easy to undermine.

That, in turn, sets up the next wave of defense, which is to no-comment even the most compromising disclosures and to defame any questioner as a tool of the fictional conspiracy.

On Thursday, this approach created the odd spectacle of a president sending out the first lady to announce those areas of his Oval Office stewardship about which he may be asked and those which are out of bounds. Mike McCurry conceded that "ultimately people want to hear from the president on this," but Mr. Clinton's lawyers have buried the political advisers who wanted the president to talk.

A muzzled president is an embarrassment for any White House, but Clinton advisers are betting that Kenneth Starr will fill the silence by blowing himself up. Because he does come with political baggage, Mr. Starr at his testing time. He has moved slowly and expensively, but events could vindicate the earlier part of his inquiry.

Where he has no latitude and little remaining time is on the question of whether he can build a valid case around Ms. Lewinsky. Just as the nation needs a president who can give fuller answers, it needs for Mr. Starr to decide the threshold questions about Ms. Lewinsky's credibility and immunity status and get to the next step in his case, if he has one.

For the time being, there is no question about Mr. Starr's legal mandate. It was signed by Attorney General Janet Reno, whose credentials as the president's legal protector are beyond question.

But this is a case where the public needs to see the legal process moving toward resolution. After all, in times devoid of heroes, the law is what the republic is meant to cling to. It must move toward truths that seem unobtainable from other quarters.

— THE NEW YORK TIMES.

## The Only Option May Be Bombs and More Bombs

ZURICH — Washington faces a Hamlet-esque choice: 2-b or not 2-b, that is the question. Does the Clinton administration have an option 2-b? Everything hinges on that.

The administration has three basic options in dealing with Iraq.

Option 1 is to finish the 1991 Gulf War, which stopped short of removing Saddam Hussein. In this option, the United States would invade Iraq, occupy Baghdad, unseat Saddam, establish a new Iraqi regime and rid Iraq of all its weapons of mass destruction and the equipment for rebuilding them.

This is the most sure-fire way to eliminate the threat posed by Saddam to his neighbors and his own people.

Option 1 is also the most costly way.

America would have few allies for an invasion, although the Iraqi people would probably hail it as a liberation. For now, there is no support in the administration or Congress.

Option 3 is to acknowledge that neither the United States nor its allies have the stomach for any occupation of Iraq, but also acknowledge that the UN weapons monitoring regime in Iraq now has gaping holes in it.

By Thomas L. Friedman

With all of the palaces and special sites being unilaterally declared off limits to the United Nations by Saddam, no one can be sure anymore that UN inspectors are preventing Iraq from building weapons of mass destruction and the missiles to deliver them.

Therefore, option 3 is: When you've got lemons, make lemonade. Approach Russia and France and tell them that the United States is ready to lift all economic sanctions on Iraq immediately if the two of them can persuade Saddam to accept a total, and permanent, weapons inspection regime.

And if that does not work, then simply lift the economic sanctions on Iraq anyway (they are only hurting the Iraqi people, so the argument goes), accept that the UN weapons monitoring regime is over, and deal with Saddam henceforth through conventional deterrence. That is, make clear to him that any use of weapons of mass destruction would result in Iraq being vaporized.

Deterrence managed to keep the Soviet Union at bay for 45 years of Cold War, and Moscow had 30,000 nukes. The risk is that a rearmed Saddam, who managed to make the world blink, would be a highly destabilizing force in the region, even if he was deterred from using his worst weapons.

In any event, it seems that America does not have the military will for option 1 and does not have the political will for option 3 — which would require a huge climb-down from all of the administration's rhetoric that Saddam must go before sanctions are lifted.

So we are left with option 2 — bombing Iraq in order to knock out as much of Saddam's weapons-making capability as possible.

The problem is that, if he survives, he will respond by ordering the UN weapons inspectors permanently out of Iraq, and Russia and the Arabs could announce that since America has unilaterally bombed Iraq, outside the UN consensus, they will unilaterally reopen their economic ties with Baghdad.

It would just be a matter of time then before Saddam would be back building new weapons — only without the UN inspectors around, and with fresh money pouring in.

Then what does the United States do? Does Washington have an option 2-b? Does it have any way to ensure that after a massive bombing of Iraq it can maintain its strategic objective of preventing Saddam from acquiring weapons of mass destruction — without having to bomb him again and again, which would have serious diplomatic risks for U.S. diplomacy in the Middle East and at the United Nations?

Some U.S. officials talk about making all of Iraq a no-fly zone as option 2-b. That might hurt Saddam. But what if France and Russia don't play along?

I don't believe there is an option 2-b. There is only option 2 — bombing Iraq, over and over and over again, until either Saddam says uncle, and agrees to let the United Nations back in on U.S. terms, or the Iraqi people eliminate him.

So, 2-b or not 2-b? There is no question. There is no 2-b. There is only option 2, over and over and over again until Saddam relents. Given the problems with the other options, America may have no choice but to go down this road. Once it does, however, it better have the stomach to stay the course.

— The New York Times

## It's Time for Albright to Take Over American Foreign Policy

WASHINGTON — For the second time in a quarter-century, U.S. leadership in world affairs risks being undermined by domestic political furor. But legal vulnerability for a president need not cause demoralizing American weakness in foreign policy.

This in fact is the moment for Big Diplomacy — for a focused and concerted effort to tie together the major strands of U.S. foreign policy into a more cohesive whole.

A combination of circumstance and her own outgoing, highly visible persona make Secretary of State Madeleine Albright the key figure in Bill Clinton's cabinet. She has a golden opportunity to put her stamp on U.S. foreign policy.

That wish was a guiding star as she went about assembling a highly respected and energetic team on the State Department's seventh floor. But until now her role has been to articulate and explain policy more than to run or originate it.

The debilitating domestic political struggle that America

By Jim Hoagland

now faces changes the equation. President Clinton has demonstrated that he will fight as hard and as long as he must to stay in office. His attention and energy will flow away from a foreign policy arena that never deeply engaged him anyway. He is now likely to need the foreign affairs surrogate he has always spurned.

In his first term, he resisted turning over full authority for foreign policy to any other single figure. His cabinet-level choices in this area showed that he did not want a Henry Kissinger, a figure whose own prominence and political skills could force his hand. (Bosnia, a perceived basket case, was a partial exception.)

Mr. Clinton chose Mrs. Albright partly as a matter of history, to name the first woman secretary of state. He was also enormously impressed, with her clear, punchy explanations of U.S. policy in television interviews. His comfort level with her as someone who

would not spring great innovations on him or dissent publicly if her advice was not heeded was said to be high.

But with his predicament threatening to create a vacuum at the top and several major foreign problems coming to a head, quiet teamwork and interagency consultation are not likely to still doubt about U.S. engagement and purpose. The opportunity — and need — for a larger, even dominant role for the State Department on foreign policy is now there for Mrs. Albright to seize.

Administration insiders and some diplomats in Washington concluded in recent weeks that she was determined to erase the image of stumbling ineffectiveness that the November diplomacy over Iraq created.

A key example: As the Asia monetary crisis unfolded, senior State Department officials became concerned that the Treasury Department was making decisions and pronouncements about Asia with

minimal input from, or credit to, State and the Pentagon.

An early Treasury decision not to help Thailand left a long-time U.S. ally stunned and resentful. Foggy Bottom was left to pick up the pieces. Similarly, Treasury called the shots on the rapidly moving crises in Indonesia and South Korea and informed State after the fact — until Mrs. Albright dealt herself into the picture.

One of the clearest signs of departmental friction is often the sudden issuing of public assurances that two departments have never worked more closely. At an unusual meeting with four Washington columnists on Jan. 23, Mrs. Albright and Treasury Secretary Robert Rubin appeared jointly to emphasize how smoothly and intensely their fiefdoms had

One rival once described Mrs. Albright as "bulletproof" in her job, in part because of her role as the first woman secretary of state. That seems an understatement today. Equally important, she has been bidding her time, looking for the right moment to turn her views on Iraq, Iran, Europe and Russia into viable policies.

An enhanced role for her will work only if Mr. Clinton is prepared at last to support fully a strong secretary of state. The demands of history and his own problems may give him little choice.

— The Washington Post

## In China, a Call for Democracy From Inside the Party

By Wei Jingsheng and Liu Qing

NEW YORK — The Washington Post carried a report (IHT, Jan. 12) about a document being distributed in China by Fang Jue, a businessman and former midlevel government official. "China Needs a New Transformation — Program Proposals of the Democratic Faction" is the document's title.

It carries only Mr. Fang's signature, but Chinese-language newspapers in Hong Kong and Taiwan have recognized its political importance and published it in its entirety.

We were among the first people outside China to have access to this groundbreaking policy statement, and we have knowledge of the circumstances in which it was produced and released.

We are convinced of its significance and urge the international community to pay close attention to this major political signal and what it represents.

Fang Jue is a former vice director of the planning commission in Fuzhou. He insists (and we believe) that this policy statement does not come from him alone but represents the thinking of a larger group of mid- and higher-level government officials. The document is clearly the mature product of a long period of collective effort.

We were among the first people outside China to have access to this groundbreaking policy statement, and we have knowledge of the circumstances in which it was produced and released.

Mr. Fang says it reflects the political views of a new generation of government officials in their 40s and 50s, views that differ dramatically from those held by the Communist Party veterans in their 70s and 80s who hold key leadership positions.

To understand the deeper

realities of Chinese politics, one must look beyond those in senior government and party posts and pay attention to the young and middle-generation officials who are dissatisfied with the status quo.

We regard this document as a direct challenge to conservative forces in the party leadership.

According to Mr. Fang and others, the statement has already been distributed to members of the party Central Committee. It will be hard for the members to ignore. Never before in China has a document advocating democratic reform come from within the ranks of the Communist Party.

In the past, calls for political reform have arisen only from dissidents and grassroots move-

ments. Members of the government bureaucracy have always remained silent, unable to voice opinions freely without the risk of serious reprisals.

It has been easy to disregard the protests of individual dissidents, but it will be impossible for the government to overlook the significance of democratic forces rising within the party structure.

After all, democratic factions within the government played a crucial role in initiating the transition from dictatorship to democracy in the former Soviet Union and Eastern Europe.

Unprecedented in its positions on democratic rule, this policy statement is also astonishingly pragmatic and comprehensive on key issues such as freedom of expression and association, religious tolerance and electoral autonomy for Tibet and Taiwan. The long-term political vision it articulates on domestic and foreign policy issues easily eclipses that of the current party leadership.

The forces behind this document clearly feel that the time is right to test the waters for the possibility of gaining domestic and international support for their democratization program. The fact that only Fang Jue was willing to put his name on this policy statement attests to the sad reality that Chinese society is still a long way from the point where political opinions can be expressed freely.

China is an enormous country, and achieving democracy there is an enormous task. Only when grassroots forces for change at all levels of society are allowed to cooperate openly with democratic forces inside the government will democratization occur swiftly and peacefully.

— Mr. Wei and Mr. Liu spent 18 and 11 years, respectively, in prison in China for their activities in the 1978-1979 Democracy Wall Movement. Mr. Wei, released in November and sent into exile in the United States, is a visiting scholar at the Center for the Study of Human Rights at Columbia University. Mr. Liu is chairman of the New York-based organization Human Rights in China. They contributed this to The Washington Post.

## What About News Judgment?

By James M. Naughton

S. PETERSBURG, Fla. — When an earlier president's conduct was mesmerizing America, we reporters sometimes got into pitched debate with our editors about how far our articles could go in fixing blame for Watergate on Richard Nixon. The editors kept insisting that it was inappropriate for the press to predict an indictment that would in due time be framed by facts. As, indeed, it was.

Where is journalistic restraint now? Almost from the first instant that we have been served the Monica Lewinsky stew, restraint has been the missing ingredient. First-day accounts — first-day! — included speculation about whether Bill Clinton would be impeached for perjury.

No one has been charged with any crime in this case. Perjury is hard to prove. Even if it were proved, it might not be found in these

## HEALTH/SCIENCE

TOMORROW'S  
SIGHT

# How to Get Ready For Menopause Years

## Coping With Early Symptoms

By Jane E. Brody  
New York Times Service

**N**EW YORK — I was in my mid-40s and still menstruating regularly when my gynecologist suggested that I start taking estrogen. But I thought he was jumping the gun since I probably *had not entered menopause* for five years.

Now that I have a better understanding of the perimenopause, the years leading up to a near-shutdown of ovarian function, I can see his point, albeit belatedly. Menopause is a process, not a discrete event. Ovaries do not stop working abruptly unless they are shut down by chemotherapy or surgical removal. Rather, there is a gradual decline in hormone production over about 15 years, a decline that can produce sometimes mysterious symptoms and set the stage for serious health problems later.

Millions of women, those between the ages of 35 and the early 50s, are now in their perimenopause, and a better understanding of its common symptoms and ways to cope with them can make a tremendous difference in the quality of these women's lives.

Estrogen production usually starts declining gradually when a woman is in her mid-30s; by the mid-40s, she may begin to experience clear symptoms of estrogen deficiency. Her menstrual periods may become somewhat irregular — shorter or longer, lighter or heavier — or she may experience premenstrual syndrome, menstrual cramps or headaches that are showing up for the first time or worse than in the past. Hot flashes may become bothersome during the day, and night sweats may disrupt her sleep, resulting in increased irritability, fatigue and difficulty concentrating.

But the symptoms of perimenopause are often more subtle. According to Dr. Nancy Lee Teaff and Kim Wright Wiley, authors of "Perimenopause: Preparing for the Change" (Prima, 1996), "When they first begin to appear, perimenopausal symptoms may seem unrelated to each other, and women often treat each problem individually, not seeing the connection until years later."

Among the possible symptoms are insomnia, difficulty concentrating, poor memory, reduced stamina, itchy or dry skin, wrinkling, urinary incontinence or frequency, vaginal dryness, headaches, declining libido and mood swings.

"A woman may say, 'I'm falling apart,' failing to recognize that she has only one condition, perimenopause, that is manifesting itself in many ways," Dr. Teaff and Ms. Wiley wrote.

At the same time, other hidden changes may be taking place that can increase a woman's risk of future health problems. High levels of estrogen during a woman's childbearing years protect against heart disease, which is why women rarely develop it before they turn 50. Estrogen helps raise the blood levels of the "good" cholesterol, HDL, which counters arterial clogging. It also maintains the elasticity of blood vessels and diminishes the tendency of the blood to form clots.

In the book "Perimenopause: Changes in a Woman's Health After 35" (New Harbinger, 1997), Drs. James E. Huston and L. Darlene Laska point out that heart disease is the leading killer of women 50 to 75 years old, claiming five times as many lives as breast cancer.

Estrogen also helps maintain bone density and ward off the later development of osteoporosis. Few women realize that they begin to lose bone in

## Menopause Timetable

Women may enter menopause earlier than they realize. Estrogen levels usually drop before menopausal symptoms are seen. Below, the typical ages for various symptoms.

SYMPOTM	AGE - 35	40	45	50	55	60	65	70
Dropping estrogen levels	●	○	○	○	○	○	○	○
Menstrual irregularity	○	○	○	○	○	○	○	○
Mood swings	○	○	○	○	○	○	○	○
Loss of concentration	○	○	○	○	○	○	○	○
Hot flashes	○	○	○	○	○	○	○	○
Vaginal dryness	○	○	○	○	○	○	○	○
Last period	○	○	○	○	○	○	○	○
Osteoporosis	○	○	○	○	○	○	○	○
Heart disease	○	○	○	○	○	○	○	○

Sources: "Perimenopause: Preparing for the Change" by Dr. Nancy Lee Teaff and Kim Wright Wiley (Prima Publishing, 1996); "Perimenopause: Changes in Women's Health After 35" by Drs. James E. Huston and L. Darlene Laska (New Harbinger, 1997).

The New York Times

their 30s; the loss merely accelerates at menopause if estrogen is not taken along with an adequate amount of calcium through food or supplements.

"During the approximately 15 years of perimenopause, you have a good shot at averting the adverse changes these two conditions can wreak on your body later in life," Drs. Huston and Laska said.

Dr. Teaff recommends that perimenopausal women who are experiencing symptoms have their estrogen level tested during the second, third or fourth days of the menstrual cycle. If symptoms include changes in menstrual patterns or hot flashes, another test, for FSH (follicle-stimulating hormone, produced by the pituitary), should be done on blood drawn during the first six days of the menstrual cycle and repeated the next month.

It would also be a good idea at this time to have a base-line bone density test, as well as a test for total cholesterol and its various fractions. In fact, while you are at it, the perimenopause is a good time to undergo a complete physical, including a mammogram and electrocardiogram.

As ovarian function slowly declines, muscle mass may begin to wane, accompanied by a rise in body fat and a gradual thickening around the waist and abdomen. You can minimize these changes by adhering to a diet low in fat and rich in vegetables, fruit and whole grain foods, along with moderate amounts of lean protein. Do not forget low-fat and nonfat dairy products; they are your best sources of calcium. A quart of skim milk or its equivalent can supply a perimenopausal woman's daily calcium requirement.

Regular exercise, including aerobic, muscle-building and flexibility-enhancing activities, are vital to countering the physical and emotional effects of declining levels of estrogen.

Then there is hormone replacement, which a growing number of gynecologists believe should begin years before a woman ceases to have regular menstrual periods. The most common, estrogen and progestin in a pill, is not the only regimen. If you are troubled by a loss of sexual desire, a testosterone supplement may restore your libido.

# Multiple Sclerosis: New Treatments?

By Gina Kolata  
New York Times Service

acting section chief at the National Institute of Neurological Disorders and Stroke.

Dr. Martin said the loss of myelin, or demyelination, was considered the hallmark of multiple sclerosis. "Every textbook article starts by saying that the most important demyelinating disease is multiple sclerosis," Dr. Martin said, and that it is only the myelin that is damaged, while the nerve cells are unharmed. He also said the notion that the disease also involves the death of huge numbers of nerve cells "would change our view dramatically."

Other experts talked of the possibilities for seeking new treatment.

"This isn't just a new pathological finding," said Dr. Stephen G. Waxman, chairman of the neurology department at the Yale University School of Medicine and director of the Paralyzed Veterans of America Neuroscience Research Center at Yale. "It puts the disease in a totally different light and it also gives us a new target as we search for therapies."

And that, he said, is important because multiple sclerosis is so common and so disabling. About 250,000 to 300,000 Americans have the disease, according to the National Multiple Sclerosis Society. Patients with multiple sclerosis suffer extreme fatigue and can have slurred speech, difficulty walking, problems controlling their bladders and bowels, difficulty thinking and reasoning and, in extreme cases, complete paralysis.

**T**HE disease typically begins when patients are age 20 to 40 and progresses over years or decades. "It strikes right at the heart of productive life," Dr. Waxman said.

Three drugs that are thought to inhibit an immune system attack on myelin have been approved for treating multiple sclerosis. But at best they slow the disease's progress.

The hope, of course, is that the new insights into the pathology of multiple sclerosis will lead to new treatments.

"I don't know how quickly this will lead to new therapies but if you don't know what's wrong, you can't fix it," said Dr. Richard Rudick, an author of the new paper and the director of the Mellen Center for Multiple Sclerosis Treatment and Research at the Cleveland Clinic Foundation in Ohio.

Dr. Waxman said: "What this does is give us a direction for a lot of hard work. We can't guarantee what will come out the back end, but I, for one, am very excited by it."

## Foreign Policy

She and Mr. Rubin left to take part in a cabinet meeting. Mrs. Albright then had a cabaret team that came out to vigorously defend Mrs. Clinton's reputation. Mr. Rubin, who had been the dominant figure in the cabinet and enjoyed the unfeigned authority in financial matters, that Mr. Clinton had not delegated to foreign affairs, had more pressing news elsewhere. He did not appear before the cameras.

A small note described Mr. Albright as "the diplomat" in her role as the first woman secretary of state. That was in under-secretary today. Both important, but the best thing for both of them was to stay out of the limelight.

As far as the rest of the world is concerned, Mr. Clinton prepared to do what he could, a strong secretary can be demanded, and it can be given, but the president has to be the one to do it.

# Fossils Show a Very Early Society of Ants

By Philip J. Hilts  
New York Times Service

**N**EW YORK — Researchers have found seven ants in amber that are among the oldest ever found, making it clear that what may be the world's most populous terrestrial creatures were underground and already diversifying when dinosaurs roamed the earth.

A team from the American Museum of Natural History, led by Dr. David Grimaldi, curator of entomology, found seven ants that were about 92 million years old when they excavated a muddy site in New Jersey that is rich in amber, the researchers reported in the journal *Nature*. The ants are of four species.

Ants are often cited as the most successful of all land creatures above the level of plants, because, by weight, they may account for the largest percentage of the biomass, from the rain forests of the Amazon to Central Park in New York. But when and how did the ants invent their social systems?

Ants existed but were relatively uncommon about 90 million years ago, when dinosaurs were moving toward extinction. About 50 million years ago, not long after the dinosaurs became extinct, the ant populations suddenly flourished. From that point forward, they began to dominate the fossil record of animal life.

Dr. Wilson said the discovery showed

social organization and how it evolved.

Ants have a variety of classes in their society, each with a different role; they use chemical signals to recruit large numbers rapidly to store food or to defend against attackers. "They learned how to throw an entire colony against a single ant or into a single job," Dr. Wilson said.

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Dr. Wilson said the discovery showed

that ants similar to modern ants lived 90 million years ago and that the number of species had already started multiplying.

It had been thought that the new weapon evolved by the ants — social organization — might have been the key to their proliferation. But it is now clear that their social organization, their big population increases, so their social structure either was not sufficient by itself to cause the proliferation or it did not have a quick effect. Dr. Grimaldi said it was still not known what had made the ants so successful after the departure of the dinosaurs.

The previous candidate to be the oldest fossil ant was found by Dr. Wilson and his colleagues. That genus, called *Sphecomyrma*, is also dated at about 92 million years ago. But in those specimens, the metapleural gland, used for making a kind of antibiotic spray, was not evident, so it was uncertain whether they were actually ants.

Only ants have metapleural glands, and they play a vital role in the social life of ants. The gland permits ants to live in

large colonies by helping to eradicate fungi and other invaders that might spread through a close-knit colony. Dr. Grimaldi said the just-discovered ants clearly had metapleural glands, showing that they were really ants and that they had already had social organization more than 90 million years ago.

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## **U.S. MUTUAL FUNDS**

Figures as of close  
of trading Friday, Jan. 3

small is Beau

## Backroom Squabbles Jarnish Euro's

## Notices Could Weaken a Case

#### **CYBERSCAPE**

## Chrysler Revs Up

**N**EW YORK, N. Y.

CHIEF

## **CURRENCY RATES**

1947年1月1日

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per Dollar Value,   
Per Cent  
Change

Year	Population	Area (sq. miles)	Population Density (per sq. mile)
1900	1,000,000	1,000	1,000
1910	1,200,000	1,000	1,200
1920	1,400,000	1,000	1,400
1930	1,600,000	1,000	1,600
1940	1,800,000	1,000	1,800
1950	2,000,000	1,000	2,000
1960	2,200,000	1,000	2,200
1970	2,400,000	1,000	2,400
1980	2,600,000	1,000	2,600
1990	2,800,000	1,000	2,800
2000	3,000,000	1,000	3,000
2010	3,200,000	1,000	3,200
2020	3,400,000	1,000	3,400
2030	3,600,000	1,000	3,600
2040	3,800,000	1,000	3,800
2050	4,000,000	1,000	4,000
2060	4,200,000	1,000	4,200
2070	4,400,000	1,000	4,400
2080	4,600,000	1,000	4,600
2090	4,800,000	1,000	4,800
2100	5,000,000	1,000	5,000

19. *Leucosia* (Leucosia) *leucosia* (L.) *leucosia* (L.) *leucosia* (L.) *leucosia* (L.)

19. *Leucosia* *leucostoma* (Fabricius) *leucostoma* (Fabricius) *leucostoma* (Fabricius)

1. *Leucosia* *leucostoma* (Fabricius) (Fig. 1) is a small, pale, yellowish-green fly, 3.5-4 mm. long, with a slender, pointed abdomen. The wings are transparent, with a few small, dark, irregular spots near the base of the forewings. The legs are yellowish-green, with blackish-brown spines on the tarsi. The eyes are black, and the mouth parts are blackish.

## Small Is Beautiful for Taiwan as Its Companies Skirt Asian Crisis

By Thomas Crampton  
International Herald Tribune

TAIPEI — Chances are that you have sat in front of a computer screen built by Alex Wen but have never heard of the company he runs, Lite-On Technology Corp., or the thousands of other Taiwan-based manufacturers that supply the world with unbranded electronics parts.

But you probably have heard the names of the South Korean conglomerates Samsung Group, Hyundai Corp. and Daewoo Corp.

That difference, top officials and executives in Taiwan say, helps explain why this island has proved more resilient than its chief export rival, South Korea, through Asia's economic turmoil. As countries around the region plunge into recession, Taiwan's economy continues to grow, with stocks and the currency suffering only a relatively modest drop

here since the beginning of the crisis. Figures released by the central bank Sunday showed a bigger debt burden weighing on Taiwan's banks in the fourth quarter of 1997, along with an increase in their number of overdue loans, Agence France-Presse reported. The figures came a day after Moody's Investors Service Inc. lowered its outlook for Taiwan's banking sector because of the regional financial turmoil.

Total loans outstanding in Taiwan's banking sector in the fourth quarter stood at 11.14 trillion Taiwan dollars (\$327.65 billion), up from 7.86 trillion dollars a year earlier.

United Evening News quoted central bank officials as saying companies had begun borrowing more heavily from domestic banks because of tighter liquidity abroad owing to the regional crisis.

Moody's revised its outlook for the banking sector to negative from stable

on the basis of the crisis and resulting pressures on the Taiwan dollar. The factors could affect the highly leveraged corporate sector in Taiwan, the U.S.-based rating concern said, ultimately undermining the quality of banks' assets.

But many executives here consider such fallout unlikely. Taiwan's corporate vigor, executives and officials say, reflects a contrast in government policies: one country that encouraged a multitude of small entrepreneurs and another that promoted an exclusive club of high-profile conglomerates.

Taipei has long nurtured small companies by offering low-interest loans for exports, tax breaks and training programs for management, marketing and accounting.

South Korea, instead, targeted specific major industries and fostered an elite set of massive conglomerates to modernize the country's economy rapidly.

Taiwan and South Korea built their economies in parallel over the last generation, selling similar products in the same markets. Steel, semiconductors and computer parts make up the majority of exports from both countries, most of which are sold in the United States and Europe. Combined, Taiwan and South Korea produce 84 percent of the world's computer monitors.

Since July, the South Korean won has fallen 73 percent against the dollar, while the Taiwan dollar has fallen 22 percent. Despite the effective price slashing of South Korean exports fostered by the won's plunge, Taiwan officials are confident of continued economic growth, and executives worry more about rivals at home than South Korean competitors.

"We compete in many sectors with South Korea, but our economy is based on a completely different model of development," the governor of Taiwan's

central bank, Shiu Yuan-Dong, said. "We strongly believe our model is better and more sustainable."

While 30 of South Korea's largest companies, known as *chaebol*, account for 16 percent of the country's gross domestic product, 95 percent of Taiwan's companies are small to medium-sized enterprises, many of them family-owned, and they account for half of the country's exports.

Lite-On Technology is the biggest maker of monitors in Taiwan, but Mr. Wen, its president, said he was more concerned about his 80 competitors in Taiwan than his five South Korean rivals, despite the devalued won.

"Taiwan companies have money to invest, and they will be expanding over the next few years," he said. "In South Korea they now have no money left and have spent so much money building famous brand names."

Because Taiwan businesses tend to be smaller, they concentrate on making profits instead of building market share, he said. With less leverage to get loans, he added, they spend conservatively.

## Backroom Squabbles Tarnish Euro's Image

Politics Could Weaken Currency, Officials Say

By Alan Friedman and Jonathan Gage  
International Herald Tribune

DAVOS, Switzerland — Fears are growing that deepening squabbles, such as the one over who will run the future European central bank, risk politicizing the future decision-making process in the euro zone and could undermine market confidence after the single currency is launched, senior European officials said over the weekend.

Adding to the tension, Finance Minister Philippe Maystadt of Belgium astonished many colleagues here by saying he was worried about a period of volatility for the euro in currency markets.

"During the transition period after the euro is launched in January 1999, I think investors and portfolio managers will be confronted with a high degree of uncertainty," Mr. Maystadt said in an interview. "In the first years of the euro, we could see more instability, and this could have an impact on the exchange rate between the dollar and the euro. I expect in the beginning more volatility."

Mr. Maystadt called for "improved cooperation at the Group of Seven level," saying that "if necessary we should be prepared to intervene to avoid excessive volatility."

The squeal over the central bank is not expected to prevent the overall project from going ahead, but several European officials attending the annual meeting of the World Economic Forum here said they were worried that Europe's single-currency politics were

getting increasingly nasty. Both the European Commission president, Jacques Santer, and Sir Leon Brittan, the European Union's trade commissioner, called over the weekend for a speedy resolution of the dispute over the leadership of the planned central bank. Sir Leon said the controversy should be resolved in a way that avoided "shabby or stoddy political compromises."

The battle for the presidency of the central bank, the institution that will be called on to set interest rates for as many as 11 countries starting next January, broke out last year when President Jacques Chirac of France surprised his European partners by nominating Jean-Claude Trichet, governor of the Bank of France, for the job. Until then, the consensus candidate had been the former central bank chief of the Netherlands, Wim Duisenberg.

"I don't know how the central bank question will be resolved," said one finance minister who spoke on condition of anonymity, "but the situation is not good for the image of a unified Europe."

The view of several central bankers, finance ministers and other senior European officials, who also spoke on condition they not be named, was that, contrary to recent reports, it was proving difficult to fashion a deal that would satisfy France.

Mr. Chirac, by pushing the candidacy of Mr. Trichet, has infuriated Germany, the Netherlands and other countries that are backing Mr. Duisenberg.

Many Euro-watchers have assumed that the eight-year term will simply be split between Mr. Duisenberg and Mr.



Finance Minister Theo Waigel of Germany: praise for Spain's budget efforts.

Trichet, both of whom are respected followers of the conservative anti-inflation doctrine of the Bundesbank, Germany's central bank. But Mr. Duisenberg has let it be known that he will not be pushed into accepting a reduced term under duress.

Dominique Strauss-Kahn, France's finance minister, speaking to reporters here, would not deny that behind-the-scenes negotiations were taking place. But he said, "Our position is that we have a candidate for the job and that the post should not be shared."

France has also upped the ante by pushing for the presidency of another key institution — the London-based

European Bank for Reconstruction and Development.

Neither the French nor the Dutch want to lose face," a European diplomat said Sunday, "and the smaller countries are not very happy at the prospect of yet another deal being done over their heads under duress."

When asked directly whether a

See EURO, Page 13

## EU Proposes New Talks With U.S. on Tariff Cuts

By Alan Friedman and Jonathan Gage  
International Herald Tribune

days, the U.S. official said.

A formal U.S. response to the EU initiative is expected in the next two weeks. If it is positive, Sir Leon would then make a formal presentation to the trade ministers of the 15 EU members.

### ■ WTO Sees Role for China

The director-general of the World Trade Organization, Renato Ruggiero, said China's entry into the global trade body would help ease the Asian financial crisis, Agence France-Presse reported.

Mr. Ruggiero, who met in Davos with Deputy Prime Minister Li Lanqing of China, urged Beijing to do more to open up its services sector in order to speed its accession to the trade group.

The initiative, although still at a preliminary stage, was proposed by Sir Leon Brittan, the European trade commissioner, during informal meetings here with U.S. officials attending the annual meeting of the World Economic Forum.

Sir Leon declined Sunday to discuss the proposal, but a U.S. official confirmed that its terms built in part upon the terms of the existing dialogue on trade between executives in the United States and Europe.

"We have some specific ideas that we have been given by the European Union, and they are aimed at broadening our trade relationship," said a U.S. official who spoke on condition of anonymity.

"We think the ideas are interesting enough to explore them," the official said.

The U.S. trade representative, Charlene Barshefsky, is expected to help coordinate an interagency group in Washington that will examine the European trade proposal over the next few

## Indonesia Slaps New Curbs on Banks

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia imposed new controls on banks Sunday, putting ceilings on foreign exchange deposits and liabilities and ordering the institutions to conduct full reviews of their positions.

A government guarantee on bank debts would come into effect only after bank owners and holders of subordinated debt had paid out what they could, it was announced.

Meanwhile, President Suharto said he would make all-out efforts to restore trust in the financial sector, a Japanese financial daily reported Sunday.

Mr. Suharto said in an interview with the Nihon Keizai Shimbun that he would introduce reform plans in line with the International Monetary Fund's aid package for the country.

The central bank, Bank Indonesia,

and the Indonesian Bank Restructuring Agency, which was established last year to supervise banking reform, also demanded that "bank managers behave responsibly, keeping in mind the interests of the country."

Bank Indonesia and IBRA ask them to thoroughly review their assets and contingent liabilities and assess realistically all the losses they contain," the organizations said in a joint statement.

"In order to avoid irregularities, Bank Indonesia is introducing ceilings on foreign exchange deposits, foreign exchange nontrade-related liabilities and foreign exchange trade-related liabilities, including letters of credit."

Limits on credit and interest rates were imposed last week. The agency was set up Tuesday when the government announced it would guarantee all bank deposits and debts.

"The first priority is to update the understanding of the condition of the banking sector, and to measure the impact on banks' balance sheets of the difficult macro-economic conditions that the country is currently facing," the statement added.

The banks' losses would be absorbed initially by the banks' owners, then by holders of subordinated debt, before the agency paid out under the guarantee plan.

The agency has the power to order shaky institutions to undertake a rehabilitation program. If they still fail to recover their health, it can take control of the banks and order their mergers.

The measures would apply equally to locally incorporated, state-owned, regional development, joint venture and private banks, it added. (AFP, Reuters)

## CYBERSCAPE

### Chrysler Revs Up for On-Line Boom

Reuters

**N**EW ORLEANS — Robert Eaton, chairman of Chrysler Corp., has urged U.S. auto dealers to make life easier for people wanting to buy cars by not resisting new technologies such as the Internet.

While automotive Internet companies competed for media attention on the first day of the National Automobile Dealers Association's annual meeting, Mr. Eaton said in a speech that customers were armed with more information than ever before, putting them in control of the retail system for the first time in history.

"The whole retail process, which has always had lots of murky, hidden areas, is going to become totally transparent," Mr. Eaton said.

"The customer is going to grab control of the process, and we're all going to salute smartly and do exactly what the customer tells us, if we want to stay in business."

Industry officials estimate that about 20 percent of new-car buyers now use the Internet for some part of their purchase or research. That could hit 50 percent in two years, according to Mr. Eaton.

Chrysler, the No. 3 U.S. automaker, plans by the third quarter of this year to have all its U.S. dealers linked to a special Internet site that allows customers to select a vehicle on-line and receive a quote from a dealer near them.

Although the 80-year-old vehicle distribution industry is in the middle of sweeping changes, Mr. Eaton said the traditional franchise system would remain the basis for how new cars and trucks are sold.

"Customers need the infrastructure," he said. "You can't stuff a new car, or trade for that matter, through a fiber-optics cable."

For that reason, and because of existing state franchise laws, Mr. Eaton said he did not see manufacturers such

as Chrysler selling new vehicles directly to customers over the Internet.

#### ■ Business Takes to the Internet

When a hydraulic line for the braking system failed on an Alaska Airlines jet in Seattle, the top mechanic tapped into Boeing Co.'s Web site to order a new part. He got confirmation and delivery in less than two hours, Bloomberg News reported from Seattle.

Boeing, Ford Motor Co. and other industrial companies are finding the Internet indispensable for tracking supplies, speeding orders and keeping customers happy. Overall business-to-business sales on the Internet are expected to rocket to \$327 billion by 2002 from about \$8 billion in 1997, according to Forrester Research Inc.

Internet address: [CyberScape@iht.com](mailto:CyberScape@iht.com)

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## CURRENCY RATES

Feb. 1

Cross Rates	U.S.	U.K.	Canada	Fr.	Sw. Fr.	U.S.	U.K.	Canada	Fr.	Sw. Fr.	U.S.	U.K.	Canada	Fr.	Sw. Fr.
Amsterdam	1.045	1.207	1.024	0.1145	0.4815	1.035	1.005	1.015	0.1155	0.4855	1.035	1.005	1.015	0.1155	0.4855
Buenos Aires	0.775	0.671	0.685	0.1485	0.2975	0.775	0.671	0.685	0.1485	0.2975	0.775	0.671	0.685	0.1485	0.2975
Frankfurt	1.085	1.28	1.02	0.1085	0.4885	1.085	1.28	1.02	0.1085	0.4885	1.085	1.28	1.02	0.1085	0.4885
London (d)	1.05	—	—	—	—	1.05	—	—	—	—	1.05	—	—	—	—
Madrid	1.025	1.221	1.045	0.1025	0.4725	1.025	1.221	1.045	0.1025	0.4725	1.025	1.221	1.045	0.1025	0.4725
Milan	1.074	1.229	1.055	0.1074	0.4774	1.074	1.229	1.055	0.1074	0.4774	1.074	1.229	1.055	0.1074	0.4774
New York (d)	1.012	1.204	1.035	0.1012	0.4612	1.012	1.204	1.035	0.1012	0.4612	1.012	1.204	1.035		

## CAPITAL MARKETS ON MONDAY

## Europe's Export Credit Agencies Take a Cue From U.S. and Securitize Debt

By Carl Gewirtz  
International Herald Tribune

PARIS — Europe's export credit agencies, caught in a squeeze between a rising list of East Asian customers who cannot service their debts on time and a diminishing ability to increase lending limits, are turning to the international bond market to convert existing loans into the cash needed to make new loans.

Such collateralized borrowing operations are still infrequent here, by comparison with the huge market that has developed in the United States, and represent a major innovation for the same sector, as the prime users of this technique have been banks and finance companies.

The offerings are timed to fill investor appetite for high-yielding paper when yields on benchmark government paper are close to modern lows and appear

likely to continue falling. The most ambitious such operation is being prepared by Coface, a French agency, which intends to turn into cash a portion of the annual interest it is scheduled to receive over the next 11 years on the 21 billion francs (\$3.42 billion) of Polish debt that was rescheduled in the early 1980s.

The Polish debt remains on the books of Coface. But special-purpose vehicles will be established to sell investors the cash flow on the debt and transfer to them the credit exposure to Poland.

Coface guarantees to service the debt even if Poland fails to pay, as long as Poland remains current on its publicly traded international debt, Eurobonds and Brady bonds — the rescheduled private bank debt that is now publicly traded. But if Poland defaults on this public debt, no payment will be made on the cash-flow notes.

Sace, the Italian export agency, last week raised \$650 million using a spe-

cial-purpose vehicle known as Optimun Finance to transfer to private investors the payment risk on a portfolio of developing-country debt. The portfolio includes the debt of some 20 countries. Credit ratings range from triple-B down to B and are described by underwriters as "not just the best, nor just the worst."

The notes will consist of at least \$400 million of eight-year paper and at least 1 billion French francs in 11-year bonds. The maximum size of an issue will not exceed the equivalent of \$1 billion or 6 billion francs. The yield is expected to be slightly higher than that of existing Polish Eurobonds. The dollar portion will be available for sale as a private placement with U.S. institutional investors, a reflection of the importance of the U.S. market for this kind of paper.

Although there was no legal requirement to do so, the French Finance Ministry said it had informed Poland of all the details of the transaction.

Sace, the Italian export agency, last week raised \$650 million using a spe-

cial-purpose vehicle known as Optimun Finance to transfer to private investors the payment risk on a portfolio of developing-country debt. The portfolio includes the debt of some 20 countries. Credit ratings range from triple-B down to B and are described by underwriters as "not just the best, nor just the worst."

Backed by collateral exceeding the nominal amount of the new issue, \$535 million of it was rated triple-A. Of this, \$400 million with an average life of 18 months was priced to yield 30 basis points, or three-tenths of a percentage point, over the three-month London interbank offered rate. The rest, with an average life of four and a half years, was

priced at 40 basis points over Libor. A further \$55 million, rated double-A with an average life of six and a quarter years, was priced to yield 55 basis points over Libor, and \$60 million rated A with an average life of six and three-quarters years was priced at a spread of 75 basis points. Bankers said much more asset-backed issues could be expected.

## Most Active International Bonds

The 250 most active international bonds traded through the Euromarket for the week ending Jan. 30. Prices supplied by Telkares.

Risk Name	Cpn	Maturity	Price	Yield
Argentine Peso	218 Argentine FRN	2.976 04/01/01	90.3488	3.0200

Risk Name	Cpn	Maturity	Price	Yield
Austrian Schilling	185 Austria	5 01/15/08	98.5000	5.0800
	250 Austria	5% 04/11/07	104.0000	5.5300

Risk Name	Cpn	Maturity	Price	Yield
Belgian Franc	229 Belgium	7% 12/22/00	109.2400	7.0900

Risk Name	Cpn	Maturity	Price	Yield
British Pound	103 Britain	zero 12/17/99	105.5000	7.0200
	116 Amsterdam FRN	5.07 07/02/00	112.1250	7.5800
	131 Amsterdam FRN	8.09 07/02/00	103.2200	8.2600
	140 Wurth Bank	6.10 07/02/00	98.2500	6.2100
	184 Alte Valley FRN	7.474 10/04/99	99.7500	7.4900
	227 Formie Mae	6% 06/07/02	101.0000	6.8100

Risk Name	Cpn	Maturity	Price	Yield
Canadian Dollar	173 Canada Tbill	zero 07/09/99	98.0880	4.3900

Risk Name	Cpn	Maturity	Price	Yield
Danish Krone	14 Denmark	7 11/15/07	111.7100	6.2700
	15 Denmark	8 03/05/06	112.8000	6.8200
	21 Denmark	9 11/15/06	111.4800	8.0700
	34 Denmark	5% 07/03/03	114.1200	7.0200
	43 Denmark	7 07/02/00	111.2000	6.8500
	64 Denmark	6 11/15/06	103.8400	7.7700
	79 Denmark	7 12/05/04	103.5000	6.8600
	83 Denmark	6 12/05/04	103.7500	5.8200
	91 Denmark	6 11/15/02	104.8900	5.7200
	93 Nykredit	7 10/01/99	99.2800	7.0500
	146 Denmark	6 10/01/99	96.4000	6.2200
	148 Denmark	6 02/05/99	101.9200	5.8900
	170 Denmark	4 02/05/00	99.9000	7.8100

Risk Name	Cpn	Maturity	Price	Yield
Deutsche Mark	140 Germany	5% 01/04/08	101.2557	5.1800
	141 Germany	6 07/02/00	105.8000	5.6300
	142 Germany	4% 07/02/00	105.4700	5.6300
	143 Germany	6 07/02/00	105.4700	5.6300
	144 Germany	5% 01/04/07		

Risk Name	Cpn	Maturity	Price	Yield
Deutsche Mark	145 Germany	5% 01/04/07	105.4200	5.6400
	146 Germany	7 07/02/00	103.1100	6.8500
	147 Germany	6 11/15/06	103.8400	7.7700
	148 Germany	6 11/15/06	103.5000	6.8600
	149 Germany	7 12/05/04	103.7500	5.8200
	150 Germany	6 11/15/02	104.8900	5.7200
	151 Germany	6 11/15/02	104.1200	5.6100
	152 Germany	6 11/15/02	103.8400	7.7700
	153 Germany	6 11/15/02	103.5000	6.8600
	154 Germany	6 01/05/02	114.5200	7.2000
	155 Germany	6 01/05/02	114.7000	5.1900
	156 Germany	6 01/05/02	114.5200	7.2000
	157 Germany	6 01/05/02	114.7000	5.1900
	158 Germany	6 01/05/02	114.5200	7.2000
	159 Germany	6 01/05/02	114.7000	5.1900
	160 Germany	6 01/05/02	114.5200	7.2000
	161 Germany	6 01/05/02	114.7000	5.1900
	162 Germany	6 01/05/02	114.5200	7.2000
	163 Germany	6 01/05/02	114.7000	5.1900
	164 Germany	6 01/05/02	114.5200	7.2000
	165 Germany	6 01/05/02	114.7000	5.1900
	166 Germany	6 01/05/02	114.5200	7.2000
	167 Germany	6 01/05/02	114.7000	5.1900
	168 Germany	6 01/05/02	114.5200	7.2000
	169 Germany	6 01/05/02	114.7000	5.1900
	170 Germany	6 01/05/02	114.5200	7.2000
	171 Germany	6 01/05/02	114.7000	5.1900
	172 Germany	6 01/05/02	114.5200	7.2000
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	209 Germany	6 01/05/02	114.5200	7.2000
	210 Germany	6 01/05/02	114.5200	7.2000
	211 Germany	6 01/05/02	114.5200	7.2000
	212 Germany	6 01/05/02	114.5200	7.2000
	213 Germany	6 01/05		

# Asia's Crisis Could Bring a Dividend to U.S. Companies: Open Markets

By Nicholas D. Kristof  
New York Times Service

TOKYO — Picture Mom, Dad and the kids in an upper-middle-class Asian family in 10 years' time:

After loading up with cash at the corner Citibank, they drive off to Wal-Mart and fill the trunk of their Ford with the likes of Fritos and Snickers. On the way home, they stop at the American-owned Cineplex to catch the latest Disney movie, paying with their Visa card.

It may not happen exactly like that, but analysts say that one of the most far-reaching consequences of the Asian crisis will be a greatly expanded American business presence in Asia — particularly in markets such as banking that have historically been sensitive and often closed.

Indeed, for U.S. exports from nations such as South Korea, Hong Kong and Indonesia should help to keep the U.S. economy from overreaching. The U.S. economy grew 3.6 percent last year at the fastest pace since 1993.

Perhaps even more telling, Mr. Persaud said the Peso was of great concern to him, falling from 100 to 70, as a clear sign that confidence will not change unless the economy improves. The Federal Reserve Board's policy-setting Open Market Committee last changed the target for overnight lending between banks last March, trading at a quarter-point to 5.5 percent.

Paris — Stunned by the recent volatility in key exchange rates, the currency trader recounts, "It took almost six weeks, from early December to mid-January, to get the dollar from 1.77 Deutsche marks to 1.84, then it took five days to fall back to 1.75 DM and then only four days to return to 1.83 DM" on Friday.

Along with this yo-yo movement covering a range of nearly 5 percent, the dollar slid 8 percent from its January high against the yen and by the end of last week had recovered only a quarter of that decline, trading at 126.95 yen.

Traders attribute the confused and choppy late-month trading to a host of reasons: Uncertainty about the political ramifications of the sex scandal engulfing President Bill Clinton, shifting opinions on whether the fallout from the financial crisis in East Asia will be more damaging to the United States or to Europe and hopes for a dramatic shift in economic policy in Japan.

But was the dollar's performance last week a recovery or the beginning of substantial weakness in the Deutsche mark?

Avinash Persaud at J.P. Morgan in London insists that the mark is ailing and has been damaged by Germany's exposure to Russia and Eastern Europe, where he says the risks of a financial crisis are "high and rising." He added that this would have an impact on the pound and the Swiss franc.

His assessment is based on a research tool he has developed to signal an impending crash in small, high-yielding currencies. Called the Event Risk Indicator, he said, this tool now shows that the East Asian currencies that had been at the top in terms of risk "are now moving down while Russia, the Czech Republic and Poland are rising."

Given Germany's strong exposure as a banker and exporter to the area, Mr.

Market pressures — principally desperation for cash — and some arm-twisting by the United States and the International Monetary Fund mean that Western companies are gaining entry to previously closed Asian markets.

The timing, from the U.S. point of view, is perfect: Regulations are being eased just as Asian banks, securities firms, even airlines are coming on the market at bargain prices. As a result, while many U.S. companies are hunting now because of the turbulence in Asia, American banks and insurance companies and others could eventually emerge as beneficiaries of the crisis.

"Most of these countries are going to go through a deep and dark tunnel," said Jeffrey Garten, dean of the Yale School of Management. Washington insists that the main beneficiaries of open markets will be local residents — who will probably get new kinds of insurance

and banks that offer better service. But the changes may be seen as economic colonialism.

"All our stocks and companies are dirt cheap," said Jusuf Wanandi, the head of a research institute in Jakarta. "There may be a tendency for foreigners to take over everything," he added, warning that the perception that this is happening could lead to a "new nationalism."

Among the big beneficiaries as Asian markets open are U.S. financial-service companies, but opportunities are also expected for industrial companies such as General Motors Corp. or large retailers like Wal-Mart Stores Inc. that operate in sectors where barriers to entry have been common. Such companies bring technology and control procedures to the new markets, but they will be hampered by lack of local experience.

"Local firms know the market much better than foreign firms," said Emilio Antonio, director of the Institute for Economic Policy Research at the University of Asia and the Pacific in the Philippines. "Look at fast food here in the Philippines," he added. "There is a local firm, Jolibee, that went head-to-head with McDonald's, and Jolibee seems to be doing better. So foreign firms have an edge in some areas, but they won't take everything."

Asian countries have been steadily opening their economies in recent years, but they have generally been much more willing to admit McDonald's than Citibank. Governments in the region sometimes own banks and almost always control them, and leaders frequently regard untried American bankers as uncontrollable, unpredictable barbarians at their gates. And now the gates are giving way.

## DAEWOO: GM Looks to Buy In

Continued from Page 11

South Korean newspaper, GM would buy back the 50 percent stake for about \$330 million but probably not take control of operations. Daewoo Motor is a core company of Daewoo Group, the No. 4 conglomerate, or *chaebol*, in South Korea.

"We are open to any car manufacturer, including GM," a company spokesman, Lee Jung Sung, said. He said Daewoo Motor was ready to consider any deal, "from marketing to allocation of production lines to purchase of DMC domestic and overseas plants."

Daewoo Motor's admission of eagerness for a deal with a foreign investor is symptomatic of the problems affecting South Korean business and industry. The IMF negotiated a \$60 billion bailout plan for the economy in December, but many major companies, with ratios of debt to equity averaging around 3 to 1 or 4 to 1, remain in dire economic straits.

Daewoo Motor, which is not listed on the stock exchange here, faces a severe credit crunch after investing \$1 billion in a new plant on South Korea's west coast, taking over plants in Poland, Romania, Uzbekistan and Ukraine and, in December, purchasing the heavily leveraged Ssangyong Motor Co., a smaller South Korean manufacturer.

GM and Daewoo executives were said to have met Saturday and may disclose the outcome of their talks as early as this week, according to widespread reports here. Neither GM nor Daewoo would comment on the talks.

Hubert Neiss, the IMF's senior official for Asia, noted that in the past such investment had been difficult because of red tape, which the Fund has said it hopes Seoul will drastically reduce.

In an interview after arriving here Sunday on what he was said to be a "reassessment of the macroeconomic framework for 1998," Mr. Neiss cautioned against moves to cut domestic interest rates prematurely to try to spark the economy.

"As long as the exchange rate is undervalued and markets are not stabilized, it's difficult to lower interest rates," he said. He said the economy was "moving and that, of course, gives hope," but that *chaebol* still had to restructure themselves as part of the program.

There have been rising demands in recent days here for easing some of the stringent conditions of the IMF program. Officials have been saying that South Korea is ready for a sharp drop in interest rates in view of the apparent vote of confidence by creditor banks.

Finance Minister Lim Chang Yuel said rates would rank high on the agenda in talks this week with Mr. Neiss and other Fund officials. He told a state broadcaster he felt "very sorry for companies suffering from recently soaring interest rates under the IMF program." Mr. Neiss warned, however, that "the slowdown in growth is likely to be larger than we assumed in December" as is the drop in value of the won. He said his team would "draw conclusions once we have agreed on a new forecast for the economy."



MONEY SUPPLY — A Philippines central bank employee stacking newly printed bills. Southeast Asian countries aim to increase use of regional currencies among themselves and cut dependence on the dollar.

## MERGER: Glaxo and SmithKline Beecham Plan a Goliath

Continued from Page 1

to do, even Merck, Bristol-Myers and Johnson & Johnson," said Steven Putnam, an analyst at Dresdner Kleinwort Benson.

The combined value of the two companies dwarfs the record \$37 billion that WorldCom Inc. paid recently to acquire MCI Communications Corp., as well as the \$27 billion value of the 1996 drug merger of Ciba-Geigy AG and Sandoz AG that created Novartis.

The planned merger, which was announced late Friday after markets closed in London and New York, was expected to bolster the already lofty prices of other drug company stocks, analysts said.

But the news came as a harsh blow to American Home Products Corp., which announced 10 days earlier that it was in merger discussions with SmithKline. American Home Products now faces a strategic vacuum and the prospect of multibillion-dollar lawsuits over its Redux diet pills, which it withdrawn from the U.S. market last year because of a risk of damaging heart valves.

Early agreement on some key issues indicated that Glaxo and SmithKline were likely to complete their merger. The two companies announced that Glaxo shareholders would control 59.5 percent of the merged group and SmithKline would have 40.5 percent. Sir Richard Sykes, Glaxo's chairman, would take that post at the combined company while

SmithKline's chief executive, Jan Leschly, would occupy that post.

Merger activity has mushroomed in recent years as globalization has buffeted industries from telecommunications to banking, but few have felt the changes as much as pharmaceuticals.

It can take more than 10 years and \$400 million of investment to develop a new drug, and the increasing technological complexity of leading-edge areas like genetic research promise to keep costs escalating. As a result, companies are eager to merge to eliminate overlapping research and sales expenses and to increase their chances of churning out top-selling drugs.

Sir Richard, who initiated the deal after SmithKline announced it was in talks with American Home Products, has publicly set a target of winning 10 percent of the global market for prescription drugs. The merger would put him within striking distance of his target, and well ahead of Merck and Novartis, which hover around 4 percent each.

Glaxo and SmithKline make a good fit because of their complementary product lines and strong R&D programs, analysts and company officials said.

Glaxo Wellcome is strongest in gastrointestinal, respiratory and viral drugs, while SmithKline Beecham focuses on antibiotics, vaccines and antidepressant drugs. Together, the two companies would spend just over \$3 billion a year on research and development, compared with \$1.9 billion for Novartis and \$1.5 billion for Merck.

Since 1996, the two companies have been collaborating on genetic research, an area where both expect to derive the hit products of the 21st century. Sir Richard and Mr. Leschly know each other since they both worked as vice presidents at Squibb Co.

Despite the imposing size of a Glaxo-SmithKline combination, the drug industry remains relatively fragmented globally, and the deal is not likely to face antitrust obstacles on their overall market share. But analysts said they would probably have to divest some drugs, particularly in anti-viral drugs for treating herpes and in nausea suppressants for chemotherapy patients, where they dominate the market.

Analysts say the two companies should be able to eliminate about \$1 billion (\$1.63 billion) a year of costs by cutting out duplication. They each have a London headquarters and research labs just outside the city, as well as separate laboratories in the United States.

Analysts say significant cuts in Britain and predicted that SmithKline's lab outside Philadelphia would be closed in favor of Glaxo-Wellcome's facility in North Carolina. The prospect of as many as 10,000 job losses at the two companies, which employ nearly 112,000, aroused fear and anger among British unions.

## ASIA: World Economic Leaders Wonder How to Cross 'Uncharted Waters' of Asia's Crisis

Continued from Page 1

that could hit financial markets worldwide.

Stanley Fischer, the first deputy managing director of the IMF, said in an interview Sunday that he believed "we need more surveillance of short-term capital flows, and we need more information on lending not just by banks but also in the corporate sector."

But when asked who should be responsible for developing new surveillance mechanisms, Mr. Fischer declined to comment.

Most government officials here expressed doubt that the IMF would be able to take on a surveillance role soon. The White House worries that Congress may reject its attempt to raise \$18 billion in new funding for the IMF, as the Fund is coming under increasing political attack in Congress.

The deputy U.S. Treasury secretary, Lawrence Summers, speaking here Sunday night, said: "It is only markets that can really aggregate information, but free markets will only work in a proper legal framework and in a framework of transparency. It is my hope that the U.S. will respond closely to both these challenges."

Even so, help in measuring or regulating investment surges is also unlikely to get any quick help from the Group of Seven leading industrial nations. Officials preparing for the G-7 meeting in Britain in June say there are no plans to attempt to establish a means of monitoring short-term capital flows.

Few who have witnessed the market convulsions of the past several months would assign the monitoring task to banks.

"The banks are volatility merchants," Mr. Soros said. "There is no constituency to do anything about it."

In the meantime, Asian finance officials are nervously watching several potential triggers for renewed turmoil:

• A devaluation of the Chinese currency, which many officials say would touch off a new round of devaluations

versus the yen, slip. He spoke of the "impossibility" of letting such a devaluation happen.

A devaluation, he said, would "add fuel to the flames" of global turmoil by triggering "another round of vicious devaluations" across Asia.

He also emphasized that financial transparency, budget rigor and allowing bankruptcies of weak state enterprises were all elements that financial markets would scrutinize in putting the nation's currency to the test.

Defending the yuan, he acknowledged, "is not only in our interest but also a contribution to the recovery of stability and confidence in the Asian currency markets."

"This is the price we have to pay for the benefit of reform," Mr. Li said. "It is also a hard reality of the market economy."

## Very briefly: Davos

• Viktor Chernomyrdin, the Russian prime minister, said the Russian economy was showing "positive signs." Mr. Chernomyrdin said that while the structural transformation of the economy would take as long as 15 years, Russia would soon have "more reasonable" interest rates.

• The Bank of France does not intend to sell gold, Jean-Claude Trichet, the central bank's governor, said, responding to Peter Munk, chairman and chief executive of Barrick Gold Corp., who said European central banks had driven down the price of gold by not responding to rumors they were selling or would sell gold.

• Countries must not revert to protectionist trade measures to support local industry in the face of cheaper exports from Asia, the World Trade Organization's director-general, Renato Ruggiero, said. He urged Europe and the United States to keep their markets open.

• Chile and Argentina said their economies had felt little impact so far from the emerging-markets crisis in Asia. President Carlos Menem of Argentina said reforms implemented after the Mexican peso crash three years ago would help insulate South American countries from the crisis.

• Europe's planned single currency, the euro, will only rival the dollar as a reserve currency once the region has a more liquid bond market, Howard Lutnick, chief executive of Cantor Fitzgerald LP, said.

• President Ernesto Zedillo of Mexico said countries had to improve their financial-regulation systems to prevent financial crises and not move to restrict capital flows.

• Jacques Santer, president of the European Commission, said he was confident the EU would soon reach a comprehensive agreement with Switzerland, following the agreement on a transport accord this month.

Bloomberg, Reuters

## EURO: Disputes Tarnish Currency's Image

Continued from Page 11

French-German deal was in the works, Mr. Santer demurred. "The Maastricht treaty says the mandate for the ECB president is eight years," he said Sunday, "but we don't have to make up our mind on this yet."

Prime Minister Jean-Luc Dehaene of Belgium said, "For the moment there is no deal, and I would be surprised if there would be one before the beginning of May."

Mr. Dehaene said the divisive issue had been transformed into a series of trade-offs.

"This matter," he said in an interview, "is now mixed together with other issues, such as who will serve on the central bank's council and the decision about who will be the president of the EBRD, and in the end it will have to be a global package."

### Praise for Spain but Not Italy

Finance Minister Theo Waigel of Germany said Spain was on track to join Europe's single currency, but he raised fresh doubts about the credibility of Italy's fiscal austerity measures, Reuters reported from Bonn.

Mr. Waigel warmly praised Prime Minister Jose Maria Aznar of Spain in a speech in Munich for creating a "mini economic miracle." With public debt falling sharply, Spain is a prime candidate to join economic and monetary union, he said.

Mr. Waigel said Italy had to answer questions to allay fears that its deficit had been cut through budgetary tricks, though he said Rome had made impressive progress. "But there are still some open questions," he said. "For example: How much of the budget improvements are based on one-off effects?"

## NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Jan. 30

Sales Div Yld 100s High Low Cse Chg

Stocks Div Yld Sales 100s High Low Cse Chg

Stocks Div Yld Sales 100s High Low Cse Chg

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# Herald Tribune INTERNATIONAL SPORTS

MONDAY, FEBRUARY 2, 1998

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## WORLD ROUNDUP

### Bjorn Wins in Wind

**GOLF** Thomas Bjorn of Denmark survived a testing breeze Sunday to win the \$940,000 Heineken Classic in Perth, Australia.

Bjorn birdied the final hole for a 2-over-par final round of 74 and a total of 280. Ian Woosnam, who shot 76 Sunday, finished second, a stroke behind. Jose Maria Olazabal, Ernie Els, Padraig Harrington and Peter Baker were tied for third a shot further back. (AP)

### Greene Equals Record

**ATHLETICS** — Maurice Greene equaled the world indoor 60-meter record Sunday, clocking 6.41 seconds in Stuttgart. Greene matched the time set by Andre Cason in 1992 at Madrid. (AP)

### Another Rival to NFL?

**FOOTBALL** NBC and Turner Broadcasting said Friday they were discussing starting a league to compete for viewers and advertisers with the National Football League. NBC and Turner lost their NFL contracts when the league agreed to a \$17.6 billion set of deals with rival stations two weeks ago. NBC had televised pro football since 1965; Turner had shown a Sunday night game for four years. (WP)

### U.S. Sledder Suspended

**OLYMPICS** The international bobsled federation banned Michael Dionne, a member of the U.S. No. 3 sled, because the stimulant ephedrine showed up in his system at a competition in November.

Brian Shimer, the top U.S. sledder, will compete in the Winter Olympics despite a test that found high levels of testosterone, according to people close to the U.S. team. The second part of the sample showed normal testosterone levels. (AP)

### All Calm in Whithbread

**SAILING** Merit Cup led the fifth leg of the Whithbread round-the-world yacht race Sunday. The nine yachts were stuck in light winds on the first day of the fifth leg as they headed out of Auckland bound for Sao Sebastiao, Brazil. Chessie Racing was second, less than 200 meters behind. (AP)

### Doak Walker Injured

Doak Walker, the Hall of Fame running back, sustained a paralyzing injury when he fell while skiing at a resort in Steamboat, Colorado.

"He's not moving his arms or legs," said Dr. Jay Law, neurosurgeon at Columbia Swedish Medical Center. "There's some spontaneous movements now and then but we're not certain if they're reflexes."

Rod Hanna, a resort spokesman, said witnesses told him Walker, 71, was making giant-slalom type turns "when he hit a change in terrain, which caused him to travel 20-30 feet in the air."

There were no trees in the area. Hanna said. (AP)

## Korda Pummels Rios To Take 1st Slam Title

**Czech Wins, 6-2, 6-2, 6-2, in Australian Open**

By Robin Finn  
New York Times Service

MELBOURNE — Petr Korda, the 30-year-old Czech string bean, won his first Grand Slam event Sunday at the Australian Open with a world-class pummeling of Marcelo Rios, the No. 9 seed from Chile.

Korda had the 22-year-old Rios on the ropes from the start to the finish of this lopsided final, a 6-2, 6-2, 6-2 demonstration of willpower on one side of the court and will power on the other. Korda dominated the first all-lefthanded final at the Australian Open since Roger Tanner tamed Guillermo Vilas in 1977. The victory moved Korda to a career-best second in the world rankings.

He also became the oldest Grand Slam champion since Andres Gomez of Ecuador won the French Open in 1990, but Korda was a decidedly less exhausted champion than Gomez had been. After dropping to his knees for a moment to allow the significance of his performance to sink in, he hurried his racquet into the stands and launched into a brief gymnastics routine as he celebrated the title it took him 35 Slams to win.

"I was on the waiting end of this for a long, long time; I didn't believe it could happen, it's like a dream," said Korda, whose only previous appearance in a Slam singles final was a loss to Jim Courier at the 1992 French Open.

Korda won in 85 minutes. It was the most one-sided men's championship since two-time champion Ivan Lendl trounced Miloslav Meuric by an identical 6-2, 6-2, 6-2 margin. Both those men, like Korda, started their careers as Czechoslovaks.

Korda's post-match cartwheel was as off-balanced as Rios' baseline had been. Then the ebullient new champion zipped through a pair of signature scissorkicks.

Korda's next celebratory act was a sprint and a climb into the friends' box at courtside, where his wife, Regina, and 4-year-old daughter, Jessica, the inspirations for his comeback last year after three seasons marred by injury and surgery, were awaiting his embrace.

After almost quitting the game in 1995, Korda instead underwent abdominal surgery to repair a hernia, then had groin surgery, and finished it all off with sinus surgery last fall, two months after his rousing upset of top-seeded Pete Sampras in the last 16 of the U.S. Open. This year Korda re-entered the top 10, and he is undefeated in 1998 after kicking off the year by winning the Qatar Open final in Doha. Rios, who will be ranked a career-high fifth, suffered his first defeat of 1998 at the hands of Korda, the player he beat here in the first round in 1997.

"I don't think I was nervous, but maybe I was excited; I mis-hit too many balls, lost my coordination," said Rios, who made 31 unforced errors and just seven winners.

Rios broke Korda only once, and dropped his own serve seven times, most notably with a double fault that cost him the opening set. The Chilean, who has reversed a two-sets-to-one

deficit just once in his career, at last year's French Open, never came close to making a stand: once Korda took a 4-1 lead in the third set, Rios all but waved a white flag.

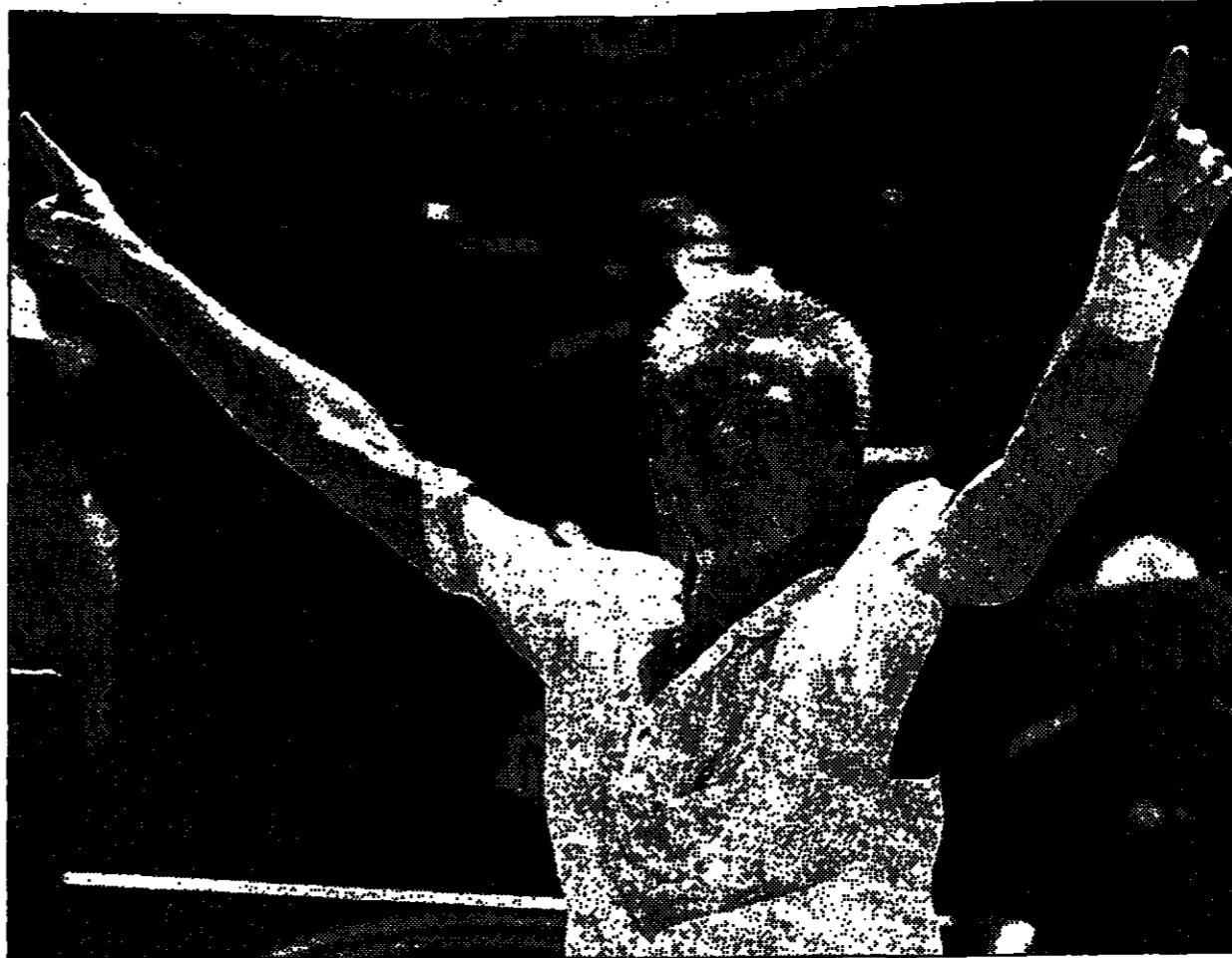
Accused, sometimes by his own peers, of tanking matches, Rios said he was reformed in that respect, and that his no-show Sunday had less to do with a lack of motivation and everything to do with Korda, who came out swinging for the lines and barely missing them.

"He was hitting the ball hard from the beginning, so I never got my rhythm," said Rios, who yielded the match by losing his serve.

Though Rios fended off Korda's initial match point with a service winner, he was beaten on the second by a crisply angled cross-court forehand pass. Korda's 32d winner of a contest that, thanks to his technical brilliance, turned out to be no-contest.

"I was so nervous yesterday, but today I enjoyed it right from the first point," said Korda, who warmed up with a fellow lefty, John McEnroe.

"It's been the ride of my life and I'm happy I went to the last stop," Korda said. "I feel I'm on top of the world at the moment."



Petr Korda celebrating his victory over Marcelo Rios at the Australian Open on Sunday.

Greg Wood/Agence France-Presse

## Hingis Breezes Into the Record Book Once Again

New York Times Service

MELBOURNE — It was another pleasant day at the outdoor office, another Grand Slam title, along with its six-figure paycheck, tucked into the ever-expanding piggy bank of 17-year-old Martina Hingis. She completed a successful and, if truth be told, virtually rote defense of her Australian Open title this afternoon with a 6-3, 6-3 pasting of Conchita Martinez, the No. 8 seed from Spain.

Hingis's accomplishment Saturday had historic echoes and its own tidy symmetry. The 86-minute finale not only delivered Hingis her fourth Grand Slam singles title, but it also made her the youngest player in the Open era to defend a Slam championship. The record was previously held by Monica Seles, who was 17 and a half when she repeated as champion of the French Open in 1991.

Hingis was a junior champion at Wimbledon in 1994, the year Martinez won that title at the expense of Martina Navratilova, the player Hingis was



Martina Hingis greeting her trophy after winning the Australian Open.

Rick Rydell/The Associated Press

her slick, dark hair before making her acceptance speech. "I'm happy to have continued to do this this time, especially in singles and in doubles," said Hingis, whose victory was assured when Martinez pumped out her 37th blooper, a backhand wide of the target, in the second set with a lazy netted backhand.

"She played the right shots at the right time; today patience was everything," said Martinez, who did not have enough of it. "I felt I had a shot at it, but she didn't let me attack. I didn't

play bad but I didn't play great."

Martinez played this match much the same way she had played Hingis in her previous two matches, both straight-set losses in 1997. She dropped the opening set and dropped her first service game in the second set with a lazy netted backhand.

Although Martinez broke Hingis in the first game of the match, she then surrendered her own service game without winning a single point and launched an overwrought forehand outside the

sideline at triple break point. After Hingis held for 2-1, Martinez got into trouble again on her serve and put herself in a 3-1 hole with another misfired forehand.

Martinez failed to put up anything resembling a fight until she fended off two set points as she served at 2-5. She recovered that game, to close to 3-5, but that provided only a temporary respite from the loss of the set.

But the Swiss teenager needed just one chance to serve out the opening set in the next game. A netted backhand from the Spaniard, her 22d unforced error in the 40-minute old match, converted Hingis's third set point for the 6-3 decision.

After breaking Martinez for a 1-0 lead in the second set, Hingis drifted into an uncharacteristic attention lapse and failed to hold serve.

Martinez held for 2-1, but the lead was only momentary. After Hingis survived a long and twisting rally in the fourth game on a point that could have given Martinez a double break point, the Spaniard again retreated and the Swiss won 12 of the next 14 points.

Once Hingis broke for 3-2, Martinez's body language signaled imminent defeat. The champion never let her back into the match.

Last year was the first time in a decade that Martinez, now 25, had failed to win a single tour singles title and the first time since 1992 that she failed to win the Italian Open, her favorite event. The slump pushed her out of the top 10, but her seven-round campaign here in Melbourne moved her back to eighth in the world. Considering that her best previous result here had been a loss to the eventual champion, Mary Pierce, in the 1995 semifinals, Martinez sounded satisfied.

—ROBIN FINN

## Ronaldo Finally Breaks Through

**Striker Ends Goal Drought to Lead Inter Milan Over Brescia, 1-0**

Compiled by Our Staff From Dispatches

Ronaldo ended his goal drought Sunday, heading in the only tally of the game in the 74th minute as Inter Milan triumphed, 1-0, at Brescia.

Inter played the last eight minutes with 10 men after a winger, Francesco Mori, was sent off.

Ronaldo, the world player of the year for the past two seasons, had not scored since Dec. 6 and had been criticized by Massimo Moratti, the Inter Milan owner, last week after the club's winless streak reached two games.

That brief skid allowed Juventus of Turin to take over first place. The defending champion stayed there with a 2-0 victory over Lecce.

Juventus suffered a setback when its veteran defender, Ciro Ferrara, fractured his left leg in two places. The injury cast doubt upon his status for the World Cup finals this summer in France.

Mark Juliano replaced Ferrara and scored his first goal of the season at the end of the first half. Giuseppe Giannini, a Lecce midfielder, was sent off on the 58th minute. Alessandro Del Piero scored with two minutes to play.

Third-place Udinese lost, 1-0, at Fiorentina. Serie A's top two scorers — Oliver Bierhoff of Udinese and Gabriel Batistuta of Fiorentina — could not score, and the match was decided by Luis Oliveira's goal.

Elsewhere, Filippo Maniero — acquired from Parma last week — headed home the winner after a scramble in the 90th minute to give AC Milan a 1-0 victory over Piacenza. It ended Milan's 385-minute scoreless streak at the San Siro Stadium.

**SPAIN** Barcelona returned to the top of the Spanish first division Sunday but was booted off the field by its fans after struggling to a 2-1 victory over last-place Sporting Gijon.

Rivaldo scored both goals in the match, which lifted Barcelona past Real Madrid in the standings. Madrid is

slated to play Valencia on Monday.

Real Sociedad won, 4-0, at Valladolid to stay close behind in third place.

**ENGLAND** David Batty scored his first goal of the season to give Newcastle a 1-0 victory at Aston Villa on Sunday. Newcastle is mired in the middle of the Premier League standings while Villa is hovering just above the relegation places.

On Saturday, Manchester United lost at home for the first time this season. Tony Cottee, a former England international making only his second start of the season, scored in the 30th minute to give Leicester City a 1-0 victory.

United's two closest pursuers could not exploit its slip. Liverpool and Blackburn drew, 0-0, at Liverpool and were both overtaken by Chelsea, a 2-0 winner over last-place Barnsley. Liverpool lost Jason McAteer, an Irish international, with a broken leg.

Gianluca Vialli, who scored four times in Chelsea's 6-0 victory at Barnsley last August, scored the first, and Mark Hughes added the second.

Trevor Sinclair, who joined West Ham for £3 million (\$4.9 million) from Queens Park Rangers last week, marked his debut with both goals in a 2-2 draw against Everton.

**SCOTLAND** St. Johnstone beat Rangers for the first time in a league match Saturday, allowing Hearts to draw even with Rangers at the top of the Scottish Premier League.

Johnstone, from Perth, had not beaten Rangers in 50 previous league meetings. John O'Neill and George O'Boyle scored as St. Johnstone won, 2-0. Hearts beat Dundee United, 2-0, in Edinburgh. (AP/Reuters)

■ Violence in England and Italy

A fan who ran onto the field and punched a linesman in a first-division match at Portsmouth on Saturday was charged with assault. Sunday, Reuters reported.

There was also violence in Italy on Sunday, The Associated Press reported.

Fans threw rocks at the car taking Lazio manager, Claudio Lotito, to the stadium after his team's 1-0 victory over Juventus.

In Verona, police clashed with supporters of visiting Salernitana both before and during a second-division match. At least five fans and one officer were injured. Police used tear gas to disperse the fans, who were throwing firecrackers and other objects. The gas spread to the field, and the referee halted the match for six minutes.



Newcastle's Alan Shearer trying to escape Aston Villa's Riccardo Scimeca, right.

## Callard Leads Bath Over Brive

Reuters

**BORDEAUX** — Jonathan Callard, a late substitution, scored all his team's points including an injury-time penalty as Bath of England beat the French club Brive, 19-18, to capture the rugby-union European Cup.

It was the first victory in a European Cup final by an English team. Toulouse won the inaugural tournament in 1996 and Brive kept the trophy in France last season.

Callard, who also scored the only try and made a 2-point conversion, put Bath ahead Saturday when he kicked home his fourth penalty at 1 minute, 13 seconds of injury time.

In the few remaining seconds, Brive had two chances to win. First, Christophe Lamaison missed a penalty in the final with 10 seconds of injury time.

Lamaison also missed a last-minute effort in the semi-final against Toulouse, but went on to score. Brive's Lamaison missed a penalty from 20 meters. Lindsay Arblin then sent a drop-goal attempt wide in a furious finale.

Bath dropped Matt Perry, to the England fullback, to include Callard, who is a better place-kicker.

Bath led from the opening minutes until the dying seconds, but could not score a second. Its points came from five penalties by Lamaison and a drop-goal by the fullback Alan Penaud.

## Maier Wins 4th-Straight Super-G

Compiled by Our Staff From Dispatches

**GARMISCH-PARTENKIRCHEN**, Germany — Hermann Maier of Austria, the dominant skier in this season's World Cup competition, captured his fourth consecutive victory in the Super-G on Sunday in the final Cup race before the opening of the Winter Olympics.

Maier, who is unbeaten in the Super-G this season, won with a time of one minute, 19.79 seconds, beating a fellow Austrian, Hans Knauss, by 0.91 seconds. In his previous two victories, Maier had been first by more than a second, a huge gap in World Cup races.

Maier, racing just after Knauss, was 0.37 seconds ahead of his teammate at the halfway point. He then increased his lead with a near-flawless performance on a sunny day with perfect conditions on the Kandahar course.

MONDAY, FEBRUARY 2, 1998

## Nuggets, Aided by Newman, Win Again

*The Associated Press*

Johnny Newman, an 11-year veteran who had started only five of the previous 43 games, for the Denver Nuggets, came off the bench and scored 21 points as the Nuggets snapped an 11-game home losing streak with a 110-98 victory over the Dallas Mavericks.

Bobby Jackson added 20 points and 11 rebounds, Tony Battie scored 19 and LaPhonso Ellis had 13 points and a season-high 14 re-

**NBA ROUNDUP**

bounds on Saturday night. Denver, which had not won at home since Dec. 7 against the Los Angeles Clippers, triumphed for only the second time in 27 games.

"We're setting new records — that is two wins in a month for us," said the Denver coach, Bill Hanzlik.

Michael Finley had 38 points for the Mavericks as they lost their 18th straight road game. Dallas has not won on the road since Nov. 1 in Seattle.

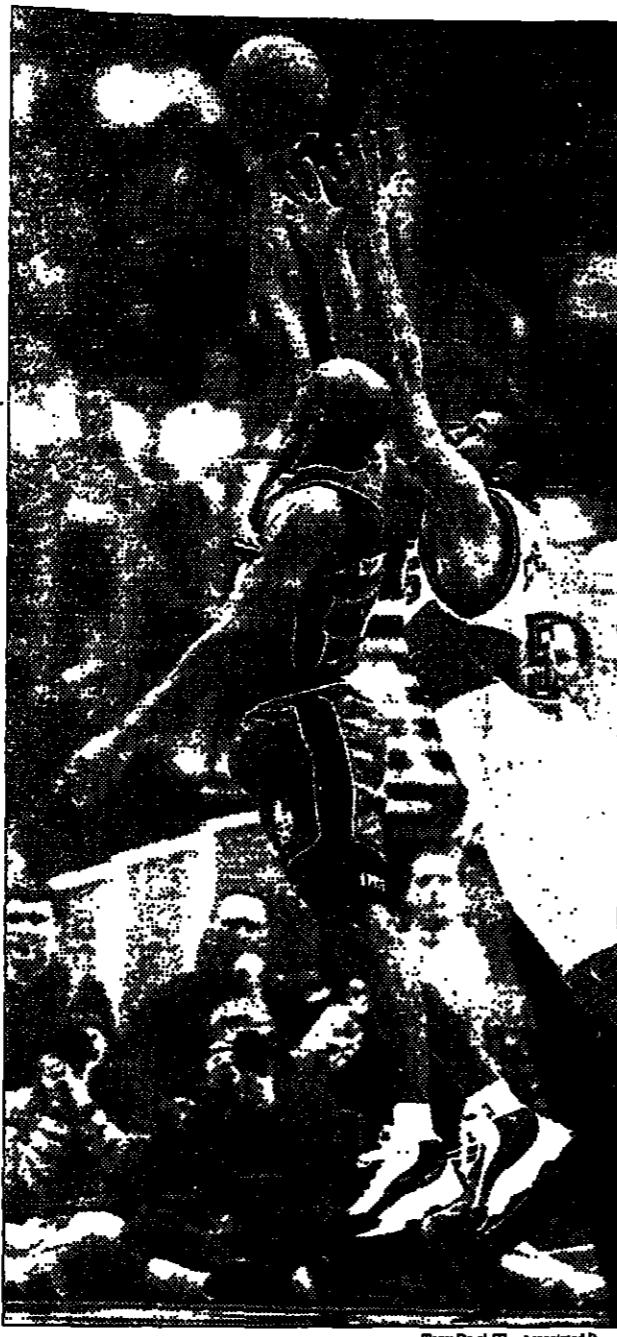
"My team gave me everything they had and Denver countered everything we did," said the Dallas coach, Don Nelson.

The Nuggets began to pull away in the third period as Dean Garrett and Jackson had five points each. Garrett followed two misses with dunks, and Jackson's 20-foot jumper put them up, 73-64, with 1:36 left in the period.

**Cavaliers 90, Pistons 88** Zydrunas Ilgauskas had a career-high 32 points and 13 rebounds, and Shawn Kemp added 27 points and 15 rebounds as Cleveland beat visiting Detroit.

Ilgauskas, the towering rookie center from Lithuania, and Kemp combined to make 23 of 31 from the field as Cleveland went to its inside game after learning that its rookie guard, Derek Anderson, would miss six to eight weeks with a knee injury.

Detroit's Lindsey Hunter



The Pistons' forward Jerry Stackhouse, left, battling with Vitaly Potapenko of the Cavaliers for a rebound.

scored 18 points, but missed a 20-footer at the buzzer that would have sent the game into overtime. Grant Hill had 19 points and 10 rebounds, but was only 6-for-17 from the field.

**Suns 96, Magic 94** Rex Chapman scored eight of his 19 points in the final 37 seconds as Phoenix came from behind to win in Orlando.

Chapman made a clutch 3-pointer and five free throws down the stretch as Orlando squandered an eight-point lead in the final 2:35.

**Rockets 102, 76ers 86** Charles Barkley had 14 points and 15 rebounds as Houston snapped a five-game road losing streak.

**Bucks 104, Pistons 94** Michael Finley had 38 points as he lost his 18th straight road game. Dallas has not won on the road since Nov. 1 in Seattle.

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**Timberwolves 102, Hawks 93** Kevin Willis had 18 points, Mario Elie pitched in 12 and Eddie Johnson had 16 for the Rockers, who have not lost in their last six trips to Philadelphia. The 76ers got 22 points from Jim Jackson and 18 points and 12 rebounds from Derrick Coleman.

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## SPECIAL WINTER OLYMPICS PREVIEW

## Games Offer Japanese Cold Comfort

Once a Symbol of a Nation on the Rise, Olympics Provide Little Relief

By Velisarios Kattoulas  
*International Herald Tribune*

**N**AGANO, Japan — On June 15, 1991, when the International Olympic Committee picked Nagano over four other cities to host February's Winter Olympic Games, its victory represented icing on the cake for Japan.

At the time, most Japanese saw sliding real estate and share prices not as the beginning of Japan's worst slump in a half-century but as a temporary setback, and Nagano's victory in the beauty contest to host the Winter Olympics seemed to confirm that.

Many Japanese remained convinced they were still on track to overtake the United States and become the world's dominant economy, and perhaps to supersede it as the world's dominant political and cultural force as well.

In 40 years, Japan had risen from the ashes of World War II to become the world's second largest economy. It was vying with conviction for a permanent seat on the United Nations Security Council, and its companies were buying vaunted American movie studios and record labels as though they were chocolate bars and take-out coffees.

On top of that, the choice of Nagano as the host of the 1998 Winter Olympics reinforced the sense that Japan was about to become Number One, the Master of the Universe, while the United States was trapped in what seemed like a never-ending nightmare of crime, unemployment and political sclerosis.

As the 1990s unfolded and the scope of Japan's mainly economic woes came to light, the symbolic role of the Nagano Winter Games changed into a possible catalyst to push the nation back on track.

Today, with little less than a week before the Games begin, they represent something altogether more depressing. Japan is suffering its eighth year in a row of economic and political stasis. The Nagano Games, hamstrung by niggling problems and controversies, are a bitter reminder of Japan's apparent inability to do or get anything quite right anymore; a myth, of course, but a compelling one to 125 million Japanese who have subsisted on a diet of mainly bad news since the Olympic movement picked Nagano to host the 18th Winter Games.

There was a harsh, two-year war of words, now resolved, over where to start one of the main events, the men's down-hill skiing. The organizers have had to



Economic cycle has turned cold for Japan.

back down on a pledge to pay athletes' plane, train and automobile fares to the Games because of a shortfall in sponsorship money. A shortage of fluent English and French-speaking volunteers to guide the athletes and fears that gridlock along the narrow roads to the Olympic venues could leave competitors stranded in buses for hours before events have also unsettled organizers.

The drama of the Games — athletes collapsing exhausted across finish lines, crashing at high speed and tearfully clutching medals as national flags flap in the breeze and national anthems blare across the mountains — will probably blow out most of these problems and memories.

One problem that appears insurmountable, however, is that as a nation Japan has failed to rally behind the Nagano Games in the way it did before the Tokyo Summer Olympic Games in 1964 and the Sapporo Winter Olympic Games in 1972.

"The big difference between the Nagano Games and the Tokyo and Sapporo Olympics is that the government got behind those Games," said Ko

Yamaguchi, the chief spokesman for the Nagano Games Organizing Committee. "They were a symbol of Japan's recovery, and people united psychologically behind the Olympic movement."

In many respects, the Japan that hosted the Tokyo and Sapporo Olympics and the one preparing for the Nagano Games are different countries. In the 1960s and 1970s, Japan was characterized by frugality borne of poverty, suffering and dogged hard work following World War II. The Olympic Games represented an opportunity to be merry and celebrate, however briefly.

**T**HESE DAYS in Japan, despite the nation's eight-year economic slump, hedonism is the rule and frugality is the rarer commodity. Japan can no longer embrace the Olympics as a symbol of its national prosperity for such symbols are everywhere: packed restaurants, boutiques and movie theaters; skyscrapers; gleaming art galleries and museums; a 24-hour international airport built on a man-made island 5 kilometers offshore; overhead expressways that weave through crowded city centers; the world's finest high-speed train service.

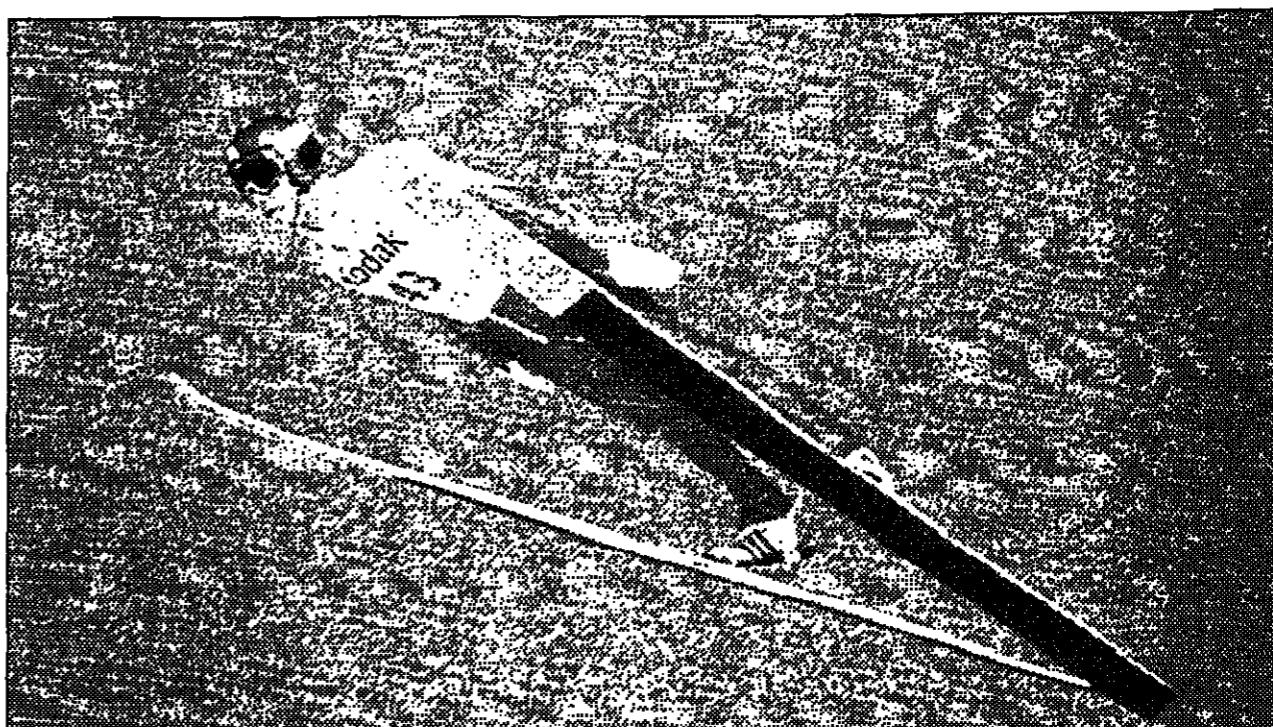
"In the case of these Games, only a part of Japan will host these Olympic Games as opposed to Japan," as a whole, said Yamaguchi, who worked as a volunteer interpreter at the Tokyo Olympics.

In keeping with modern Japan, the organizers have built a series of spectacular stadiums: from the cherry blossom-shaped stadium to be used in the opening and closing ceremonies to the ice dancing arena, which looks as if it has arrived from Mars.

These Games are unlikely to be as picture-postcard-perfect as Japan had hoped for and expected when the Olympic Committee picked Nagano in 1991.

But neither is Japan about to stage an Olympic Games as badly botched as the Atlanta Summer Olympic Games in 1996, which were overshadowed by technical and financial problems.

Nonetheless, to a nation of accomplished worriers worn out by a downturn that appears reluctant to turn up, the less-than-perfect Nagano Games offer little comfort. Some Japanese competitors may beat their American rivals, but in the broader picture, Japan missed its opportunity to outshine the United States. It may have a long wait before it again has a chance to become Master of the Universe.

Masahiko Harada jumping in the Lillehammer Olympics. After his failures there, "all of Japan was upset." Sham Bevenell/Alsport

## In High Pressure, Harada Soars Again

By Jere Longman  
*New York Times Service*

**M**ASAHIKO Harada has been a ski jumper since age 9, when he first launched himself off a hill on Japan's most northern island and felt the sheer thrill of flying. Even now, at 29, his nickname is Happy because competition often brings a smile to his face.

Harada is a two-time world champion and leads the World Cup standings with four victories this season. Few athletes at this month's Winter Olympics in Nagano, Japan, will be under more pressure to succeed or will have a more inviting chance of redemption.

His career has been indelibly marked, by the 1994 Winter Games at Lillehammer. There he collected a silver in the team competition, but only because he failed to bring home the gold.

After three of Japan's four jumpers had completed the second round of the competition, the Japanese appeared to have an unconquerable lead over Germany. Harada needed to soar only 105 meters to secure first place. His first jump had been 122 meters. The gold medal seemed assured.

"All he had to do was fall off the hill," said Alan Johnson, head coach of the American team in Lillehammer.

Even the Germans thought they would have to settle for silver. Before Harada jumped, he was approached by Jens Weissflog, the German Olympic champion in the 120-meter hill individual event, who told Harada

something like, "Congratulations, you're going to win a gold medal."

With this final jump in the team event, Harada could make up for his individual disappointments. He had finished 55th on Japan's most northern island and felt the sheer thrill of flying. Even now, at 29, his nickname is Happy because competition often brings a smile to his face.

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"Because of that, all of Japan was upset." Harada said. "I really felt ashamed, causing such a big uproar."

His failure in Lillehammer sent both Harada's jumping and his confidence into a tailspin. He failed to make the Japanese team for the 1995 world championships, slipping all the way to 59th place on the World Cup circuit.

"I didn't think of quitting," Harada said. "But I had a hard time showing my

best. I was not able to do anything good that next season."

Eventually, his career began to catch air again. By 1996, the 5-foot-8-inch, 123-pound Harada had risen to fifth on the World Cup circuit. Last year, he won the world championship on the 120-meter hill and finished second on the 90-meter hill. This year, he has gathered an avalanche of momentum.

He attributes much of his comeback to his wife, Keiko, whom he married following the Lillehammer Games. They have a 3-year-old daughter named Aina, and a 3-month-old son named Yuga. When doubt crept in and Harada began frantically studying other jumpers, trying to locate a style that would fit him, his wife encouraged him to be himself.

"I like to show the spectators that I have power," Harada said. "I feel very good if I have such strong power."

"My smiling face is very famous among the people in Europe," he said. "By nature I smile a lot. I love flying in the sky. That makes me look very happy. If I come to think about it, I had a very hard time. But I can forget the past. That might be the reason I'm here now."

In the 1972 Winter Olympics in Sapporo, Japan, Japanese ski jumpers swept all three medals on the small hill.

Harada insists there will be little real pressure during the Games. "I'm glad people are expecting that much from me," he said. "Maybe people around me feel pressure, but I don't. I just want to show that Harada is a jumper. If I gain a medal, that would be great."

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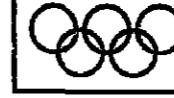
DVCPRO cameras will be covering the events at Nagano. We, Panasonic, will be covering a bit more.

See you in Nagano for the snow.

4x Non-Liner  
Editor AJ-DE27

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